

STATE OF CALIFORNIA

DEPARTMENT OF CORRECTIONS AND REHABILITATION

PRISON INDUSTRY BOARD

PUBLIC HEARING

FRIDAY, JUNE 21, 2013

GREEN VALLEY TRAINING CENTER

995 FOLSOM LAKE CROSSING

FOLSOM, CALIFORNIA

ORIGINAL

REPORTED BY:

ESTHER F. SCHWARTZ
CSR NO. 1564

1 **ATTENDEES**

2 **BOARD MEMBERS:**

3 JEFFREY A. BEARD, CHAIR

4 ERIC ALEGRIA

5 JIM BUTLER

6 WILLIAM DAVIDSON

7 KIRA MASTELLER

8 DARSHAN SINGH

9 MICHELE STEEB

10 RAY TRUJILLO

11 JEANNE WOODFORD

12 **STAFF:**

13 CHARLES L. PATTILLO, EXECUTIVE OFFICER

14 SCOTT WALKER

15 DEVIN FONG

16 ERIC RESLOCK

17 GARY ALARID

18 PHYLLIS GUARE

19 **COUNSEL:**

20 PAM CANTELM I

21 **PUBLIC SPEAKERS:**

22 (NONE)

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FOLSOM, CALIFORNIA

FRIDAY, JUNE 21, 2013, 10:14 AM

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(Member Woodford sworn in by Chair Beard)

CHAIR BEARD: We are going to start by me turning my cell phone off so it doesn't ring. If any of you have your cell phones on, appreciate your turning it to vibrate or something. Every time I forget to do that, somebody calls me.

I was at a conference. I was giving a speech. Right in the middle my wife calls me. So I answered it, talked to her. Everybody got a kick out of it.

So, anyway, good morning and welcome. I call this meeting of the Prison Industry Board to order at 10:14 a.m. This meeting is being held at a publicly noticed location.

I would like to ask the Board Secretary to call the roll, please.

MS. GUARE: Good morning. Chair Beard.

CHAIR BEARD: Here.

MS. GUARE: Member Alegria.

MEMBER ALEGRIA: Here.

MS. GUARE: Member Butler.

MEMBER BUTLER: Here.

MS. GUARE: Member Davidson.

1 MEMBER DAVIDSON: Here.
2 MS. GUARE: Member Kelly.
3 MEMBER KELLY: (No response)
4 MS. GUARE: Member Masteller.
5 MEMBER MASTELLER: Here.
6 MS. GUARE: Member Saito.
7 MEMBER SAITO: (No response).
8 MS. GUARE: Member Singh.
9 MEMBER SINGH: Here.
10 MS. GUARE: Member Steeb.
11 MEMBER STEEB: (No response)
12 Member Trujillo.
13 MEMBER TRUJILLO: Present.
14 MS. GUARE: Member Woodford.
15 MEMBER WOODFORD: Here.
16 MS. GUARE: Chair Beard, we have a quorum.
17 CHAIR BEARD: Let the record show we have a
18 quorum.
19 I would like to welcome everybody here. This
20 is my first in person Board meeting. I think I did
21 hold one on the telephone back a number of months
22 ago. But for those who don't know, my name is Jeff
23 Beard. I am the Secretary of the California
24 Department of Corrections and Rehabilitation, and by
25 statute I serve as the Board Chair for the Prison

1 Industry Board. One of the things I remembered when
2 I got this job, I thought the job was pretty big,
3 and then I find out I am the chair of a whole bunch
4 of boards. This one looks like one that I'll enjoy
5 doing.

6 The agenda that we have today looks to be
7 fairly light, but this June meeting is important for
8 two reasons. Firstly, this is when the Board
9 reviews and considers CALPIA'S annual budget and
10 what to expect in the upcoming Fiscal Year in July,
11 that will begin in July. And it's also a meeting
12 where, I think a more pleasurable part of the
13 meeting, we are also giving out some awards to some
14 CALPIA employees. And I think this year there is a
15 corrections officer that is also getting an award.
16 That is good information and good reasons to be here
17 today.

18 Now, I know that you all just got settled and
19 we just got started. At this time I am going to
20 make a motion to recess for the closed session
21 portion of this meeting to discuss pending
22 litigation and some other matters pursuant to
23 Government Code § 11126(e)(1).

24 Is there a second to my motion?

25 MEMBER SINGH: I second it.

1 CHAIR BEARD: I have a second. All in
2 favor.
3 Any opposed?
4 The motion carries.
5 And so what I would like to ask everyone to do
6 is, everybody but Prison Industry Authority and
7 Board Members, if you'll step outside for a moment.
8 I believe that Scott is going to take you on a
9 little tour around the facilities so you will have
10 something to do while we are discussing this matter.

11 (Closed Session.)

12 (Member Steeb now present.)

13 CHAIR BEARD: We are going to reconvene the
14 meeting. So the Prison Industry Board meeting is
15 reconvened at 10:30 a.m. And for the record, again
16 the Board discussed pending litigation and other
17 Board matters.

18 At this time I would like to invite Board
19 Members to make comments. If anyone has any.

20 Well, hearing none, we'll move on to --

21 MEMBER SINGH: I have some. Everybody is
22 doing so we will, we give them A's.

23 CHAIR BEARD: Okay. Thank you.

24 So let's move on to the General Manager's
25 comments.

1 Mr. Pattillo, you have the board.

2 MR. PATTILLO: Good morning, Mr. Chair and
3 Members. My name is Charles Pattillo. For the
4 record, I am General Manager of Prison Industry
5 Authority and the Executive Officer of this Prison
6 Industry Board.

7 It's been a while since we last met in full.
8 We actually last met in January to approve the PIB
9 annual report, which actually we were all in this
10 room. Just nobody else was here in this room when
11 that meeting occurred.

12 Much has changed since December. As you know,
13 in December we went in very conservatively, and we
14 had suggested that we were probably going to be
15 about \$4,000,000 in the red, based on things that we
16 saw and trending and whatnot. We were also
17 discussing layoffs at that time. As you know, we
18 had a full layoff plan. So two things that I am
19 real happy to discuss is we are not the going to be
20 in the red this year. I think we recovered pretty
21 well from that.

22 Also, on the layoff plan, we actually never
23 had one employee laid off. One of the things, is if
24 you look, is we had a lot of positions that were
25 open. We were able to keep those positions open,

1 funded, and allowed every single person that would
2 have been subject to lay off to find another job in
3 the organization. So that was very well handled by
4 HR staff and operations staff putting that together.
5 So my hat's off to them for securing positions for
6 people that -- we had work, and at the end of the
7 day we had folks that weren't laid off. So that is
8 the positive.

9 Our revenue stream this last month, we're
10 estimating that we will come in about 9 percent over
11 what we thought at midyear. That allowed us to keep
12 funding all of our operations. A lot of what we are
13 seeing is -- I don't think the bad times are over at
14 all. A lot of people at the end of the last couple
15 months were coming in with orders that were in
16 abeyance for a long time. We work very close with
17 CDCR in population. I know the Secretary will
18 probably speak a little bit about what's going on
19 with three judge panels and what's going on, but the
20 number that we pay attention to with CDCR is the
21 number that they put out on what our estimates are
22 going to be throughout the year. They are the
23 actual assignments, the actual number of inmates
24 that are in the system. And that's what we dial in.
25 They do a very good job. They work very closely

1 with us, so we know where the push and pull is
2 throughout the State.

3 Right now we're at 100 percent of our revenues
4 that we thought we were going to have last year in
5 month 11. So the last month is kind of catching up.

6 There's a couple things I want to mention.
7 The Emergency Operations Center - at the very end of
8 the meeting today we can all take a walk around,
9 just kind of show -- Ms. Masteller was saying that
10 the last time she was here things were being framed.
11 I saw the Secretary's eyes get pretty big.

12 I think he said, "How do we get a place like
13 this?"

14 And I said, "We built it."

15 And, as you know, we've been building this
16 over the last six or seven years, using our Career
17 Technical Education carpenters. And every one of
18 those folks gets out and gets a job. We now have
19 engineering over here, joint venture, construction
20 division, the free venture and the offender
21 employment program. EOC was opening.

22 The Member that is not here is Mr. Almanza.
23 And I wanted to say hats off to him because I think
24 he's shown up at more events than any Board Member
25 has done in the last 12 months. I know he is local

1 here, but he's been doing his everything to get
2 here, to whatever event we have. On top of that,
3 he's also been the Board sponsor for our E-Waste
4 Program. So he's been showing up at a lot of
5 downtown meetings.

6 I want to say thank you very much for him
7 doing that for all of us.

8 I want to talk a little bit our new E-Waste
9 Program as we get into it. And then, as we
10 discussed and I've been keeping you informed, our
11 CTE funding program, we lost the funding for that in
12 the eleventh hour. One of those things; it is what
13 it is. We've been able to fund a smaller program,
14 so we are going to move forward with a minimal
15 program in the next year. What we did find is that
16 we do have a lot of Legislative friends.

17 Brian Jones-Sawyer of the Assembly was a big
18 advocate for us. On the other side, Senator Hancock
19 was an extreme advocate for us in getting this
20 funding through.

21 As we said, Conference Committee at the end
22 wanted to pull it back. The interesting thing was
23 when we started this, they asked us if they could
24 fund us at three times the level we were doing. We
25 told them, "No. We'd like go where we were before."

1 MEMBER WOODFORD: On that note, the reason
2 they pulled it back was because the administration
3 didn't want to fund a one-time program? I didn't
4 really understand the reasons.

5 MR. PATTILLO: I put the actual email that
6 I got from the Senate Budget Committee because they
7 were the ones that were working this through. At
8 the end of the day, the Governor has smartly done a
9 very - I don't want to use the word "frugal," but it
10 is a very conservative budget. They were looking at
11 programs that are going to be continuous. They
12 didn't want to spend any one-time money. Almost all
13 the one-time proposals, whether it be Medi-Cal,
14 corrections -- actually, corrections had their own
15 one-time things that didn't -- were very meritorious
16 and didn't get funded, also.

17 They just basically swept all one-time
18 funding. They don't want to commit to any one-time
19 funding. So we're going to start up the hill on
20 this one.

21 MEMBER WOODFORD: I didn't understand
22 classifying this one time funding. It's such an
23 ongoing need. I guess I didn't understand why it
24 was classified that way.

25 MR. PATTILLO: They viewed it as a one-time

1 need. But we're just going to have to do a better
2 job. I got this close this time.

3 MEMBER MASTELLER: Had we received this
4 fund previously from CDCR?

5 MR. PATTILLO: Previously, as we did, this
6 program is funded under a three-year contract, and
7 that was through CDCR.

8 MEMBER MASTELLER: And it was eliminated
9 and now we are asking --

10 MR. PATTILLO: Asking for direct
11 appropriation this time. The other option is to
12 revisit the three-year contract with CDCR, and that
13 probably, if we'd gotten this 12 months before,
14 knowing what the balance was at the end of the year,
15 that would have been the way to do it.

16 MEMBER WOODFORD: One more question on
17 that. Is there an opportunity to do that now with
18 CDCR, or does it have to be next fiscal year?

19 MR. PATTILLO: Too late to do it in the
20 current year for that. We proposed it several
21 times, talking with the Secretary again as the
22 champion of this organization, to put that forward
23 again. It's an easy thing that can be done very
24 quick. We've had the contract drawn up for several
25 years. It just is putting a pen on it, and it is a

1 \$3,000,000 contract.

2 MEMBER WOODFORD: The CDCR, they received
3 some rehabilitation money?

4 MR. PATTILLO: Yes.

5 MEMBER WOODFORD: There is no funding
6 available within what they received for this
7 program?

8 MR. PATTILLO: I don't know yet. They were
9 funded from the blueprint, and we are not included
10 in the blueprint. They basically have their blue
11 print.

12 CHAIR BEARD: To answer, I am not sure we
13 could, say, pool 3,000,000. If we didn't think we
14 were going to spend 3,000,000 otherwise, I'm not
15 sure we could pool it and use it for this purpose.
16 We may need to have legislative authority to do
17 that.

18 MEMBER WOODFORD: Okay. Thank you.

19 MR. PATTILLO: The challenges I think over
20 the last couple years that we've had financially
21 we're recovering from that. We are being very
22 conservative, very frugal, in how we're budgeting
23 and what we're doing. This year in our annual plan
24 we get into it. It says we're increasing by 25 to
25 28 positions. Those are positions that were

1 actually funded. We are authorized about 640
2 positions. We just have a lower funding based on
3 what we think we're going to do throughout the year.

4 One of the things that's affecting our annual
5 plan this year is labor agreements. Right now our
6 inability to use retired annuitants -- just like the
7 Secretary has on the CDCR side and, Bill, on your
8 side, Jim, also, in your departments. Our ability
9 to bring retired annuitants back is really being
10 scaled back. We are actually having to go fund
11 full-time positions. We have positions that we're
12 funding, that we're going to continue to fund, in
13 anticipation that in midyear we are probably going
14 to be cutting back some positions, but had to hold
15 them for 12 months before we can do that. Part of
16 it is our layoff plan, and some of that was holding
17 positions at a certain point in time before the
18 Controller's office has us delete them.

19 As the Secretary said, this is probably the
20 best meeting of the year because we do two things.
21 One is we pass the budget, get that through, but
22 also recognize the employees. And we have five
23 employees today. One is a correctional officer
24 that's worked with us very closely. Beyond that I
25 really want to recognize the entire organization.

1 If everybody hadn't been rowing in the same
2 direction this year, we wouldn't have been in such a
3 good position as we are right now and got through
4 all the hard times. And I know there was lot of
5 hard times for folks. Layoffs cause a lot of
6 stress, and I think we've gone through that portion
7 right now. I appreciate everybody's support and
8 helping in getting through a lot of this stuff.

9 With that, Secretary.

10 CHAIR BEARD: You mentioned the three-judge
11 panel, and so I don't if -- I'm sure everybody here
12 reads the newspapers. The three-judge panel just
13 came out with their ruling. They still want the
14 Department to go to 137 and a half percent of the
15 design capacity. So that would mean that we have to
16 find something to do with about 9,600 inmates. That
17 could be capacity, which was in our initial plan, or
18 it could be credit changes that the court really
19 wants because the court wants something more durable
20 and lasting, which they see that as being. And, of
21 course, the Governor's comment was, you know, very
22 short; that this is going to be appealed.

23 So at the end of the day we don't know will we
24 have 9,600 less inmates at the end of the year or
25 whether we add some capacity and have something less

1 than reduction, or will we be granted a stay and
2 then will this fight go on where the Supreme Court
3 will be engaged in the battle. We'll just have to
4 wait and see.

5 If we were at the end of the day to release
6 9,600 inmates, it could have an impact on PIA
7 because, I would assume, that some of the lower risk
8 people are working in PIA, and so we could see some
9 of them going home. But we don't know. Like I
10 said, at this point it's really premature to say
11 exactly how this will all come out.

12 MR. PATTILLO: For our part in helping on
13 this is we had a proposal. I briefed the Secretary
14 earlier today and also several months ago. One of
15 the judge panel said, "Look at sentence credits."
16 And I really like them to look at PIA folks getting
17 better credits for their time, such as fire camp.
18 It would be helpful to the overall picture. The
19 Secretary is correct. It could impact some of our
20 lower level operations. We've made a concerted
21 effort to move most of our operations up to hire
22 level folks, knowing this was coming down.

23 CHAIR BEARD: Yeah. Conceptually, I
24 support the PIA credit thing. Just have to see if
25 that is something we can try to move forward with.

1 Okay. With that, I guess we now have our
2 first action item.

3 Mr. Pattillo, will you present that for us.

4 MR. PATTILLO: I will. If I can introduce
5 Scott Walker, Assistant General Manager for
6 operations. Also with me is - if he can raise his
7 hand - Devin Fong, Assistant General Manager for
8 administration is always here. They will be
9 alternating in and out to assist me.

10 The annual plan is CALPIA's operational
11 expectations for the year starting July 1. The plan
12 is the narrative and the actual document that is in
13 the sleeve there. We will do this again in
14 December, right before January 1, as we adjust
15 everything and as everything comes through. Our
16 final audit in financials usually comes in about
17 September. So this year's budget will be finalized
18 by then.

19 Our new plan includes revenue at about
20 \$171,000,000 fully funds all of our operations,
21 including a million dollars to fund at least four
22 Career Technical Education Programs. Those programs
23 being the Chino Dive Program, carpentry, labor here
24 locally. E-waste, an expansion. And also looking
25 if we can keep the Ironworkers Program going. This

1 location here is now switching from all male
2 offenders to female offenders. So primarily our
3 program will be focused on female offenders. Just
4 our vocational education, our CTE side.

5 The annual plan anticipates employing an
6 average of 5,450 offender positions, which is a 3
7 percent increase over where we were at midyear. And
8 a total of 570 civil service positions funded out of
9 the 640 that were actually authorized. We had a lot
10 of vacant and unfunded positions.

11 The biggest increase this year has been in
12 personnel expenses and not from expansion
13 whatsoever. It has to do with increases in three
14 areas. We have the furlough coming back on, which
15 is 4.6 percent increase in expenditures in the
16 current year. We have, as part of the labor
17 agreement, on July 1, top level salaries will be
18 going up 3 percent. This is something we don't
19 control. This is out of the negotiation. Also, the
20 employers portion of employee benefits has increased
21 significantly, as I think in every line. About \$2.8
22 million coming up in the next year. Those three
23 primary issues are the issues that drive us, that we
24 have no control over.

25 One issue that we are having a little bit

1 reduction, about a half million dollar reduction, in
2 our non-operating expenses. That is because we got
3 done paying for the audit that we had done by the
4 Bureau of State Audits.

5 We expect revenues in the current year to give
6 us a final bottom line number of about \$300,000. As
7 I say, our revenue's about \$171,000,000 in the
8 budget year. It's really flat because that is about
9 a little better than we are going to end up in the
10 current year. So we don't see a real increase from
11 year to year because we were so conservative in the
12 previous year.

13 Are we being conservative again in the budget
14 year? Yes, we are. We are actually being
15 conservative. There is no other way to budget this
16 organization.

17 The increases in revenues primarily is food
18 packaging, about \$2.7 million. Fabric is about
19 \$2,000,000. And in some food products, meat, there
20 will be a revenue increase, but part of that is
21 because we were so under water on meat operation for
22 the last couple years. And the price of meat is
23 actually skyrocketing right now, as well as the
24 price of eggs.

25 I don't know if anybody saw it. There's been

1 a 40 percent increase in the price of eggs in the
2 last 60 days. That has to do with egg business in
3 this country exporting all eggs to Mexico. That is
4 what is driving this right now.

5 MEMBER WOODFORD: Wow.

6 MR. PATTILLO: We have about a 15.2 percent
7 increase in gross profit from the approved midyear
8 to the amount to this year. That just goes along
9 with the actual revenue increase. It's not a true
10 increase in gross profit.

11 Selling and administration expenses in the
12 current year: One of the reasons we were able to
13 recover so well this current year is our cost of
14 goods went down and our administration costs went
15 down by about \$2,000,000. A lot of that was just
16 from holding positions open. Primarily, that was
17 from holding positions open in the administration
18 side. Just things like legal costs came in a lot
19 less than we expected.

20 Mr. Trujillo, did you want to ask a question?

21 MEMBER TRUJILLO: No.

22 MR. PATTILLO: Central Office overall in a
23 budget year will move up about \$1.7. Most or all of
24 that is due to employee compensation increases. The
25 average increase, when you turn on the furlough, the

1 benefit increase and the salary increase that is
2 mandated is about 9 percent over all employee cost
3 without us moving a chess piece.

4 We expect our -- the increase in business. We
5 expect transportation cost to go up about \$400,000.
6 That is one of the issues with labor agreements. We
7 are moving away from contracted carriers and moving
8 into using civil service staff for running our
9 trucking program versus what we had been doing,
10 which is contracted labor. We have about four to
11 six positions that will be increasing the truck
12 driving program.

13 The State mandated costs, the pro rata, are
14 going down, as I mentioned, about 11 percent based
15 on the reduction in audit cost. There is no change
16 in our year-to-year cost for OPEB. The other
17 post-employment benefit that's been hanging around
18 for the last couple of years. We are still looking
19 at \$7.03 million.

20 Right now we're running a 24 percent vacancy on
21 positions, so 24. And normal budgeting of state
22 operations - and, Mr. Davidson, correct me - is 5
23 percent salary savings what you normally budget
24 about. So we're running a high vacancy rate right
25 now. That's where some of our savings are coming up

1 from. A lot of that has to do with recruiting.
2 Just like the Department, we have trouble recruiting
3 in certain areas. We also have trouble recruiting
4 here in Folsom because a couple of our jobs are so
5 specialized. I'm not talking about my job. I'm
6 talking about folks that work in the factories.
7 Very hard to find a lot of those folks. And as the
8 economy gets better, it's going to be even harder
9 because folks are going to go back into
10 manufacturing supervision, those kind of things.
11 But that's where we are at.

12 Just for specifics, manufacturing increase.
13 Most of our increase is going to be in fabric. A
14 lot of that is firefighter sales to local
15 government. That's one of the things the Board has
16 talked about for several years, is increasing our
17 sales to non-State entities. Our firefighter gear is
18 probably leading in the State now, and now the
19 counties and cities are picking up on it.

20 General fab, which is general fabrication,
21 modular furniture, is picking up a couple hundred
22 thousand.

23 License plates. This is where you gauge the
24 economy. License plates increasing? Yes, they are.
25 Approximately \$1.4 million increase in license

1 plates year over year. And that's a good indication
2 where the economy is going. People are buying cars.

3 Food and beverage packaging. We talked of
4 that, \$2.7 million. Part of that increase is
5 actually the boxed lunch program. The other one is
6 we are moving almonds out of agriculture and we're
7 packaging those at Corcoran now, where we're
8 consolidating the packaging operation.

9 Our agriculture. We are actually decreasing a
10 little bit. That has to do with the fact that we're
11 moving almonds out of ag. That is the only change
12 there.

13 Our revenue limits. There is only one item
14 that needs a revenue limit increase, and we're going
15 to talk about that in a separate item.

16 Cost of goods sold. Very little increase in
17 the per capita increase in costs of goods sold.
18 Staff has done a very good job of keeping that all
19 down. That is procurement; smart buying.

20 Selling and administration expense. We talked
21 about that. The main one is the central office, the
22 9 percent.

23 Out-of-state travel. We have increased our
24 out-of-state travel by \$11,000. Out of state travel
25 consists primarily of NCIA which we are a member,

1 National Correctional Industry Association, where we
2 go to steal some of our best ideas, and some sales
3 travel in that we do a very good job of going and
4 visiting other states' correctional industry
5 programs with the whole intent of seeing how they
6 are doing it. There are folks out there that are
7 pretty darn smart. So we'd like to see how they're
8 doing it and steal the best ideas.

9 That ends the portion of the annual plan, my
10 presentation stops right there. If I can answer any
11 questions.

12 Mr. Trujillo.

13 MEMBER TRUJILLO: Mr. Pattillo, getting
14 back to license plates. Maybe this would be a good
15 time to find out if we can do a flat plate. I
16 brought this up before when Governor Gray Davis was
17 in office and again with Governor Schwarzenegger.
18 If at all possible, I would like to see if we can't
19 change the stamping to a flat plate where the
20 inmates learn actually something that, when they
21 leave incarceration, they will be able to do. I
22 can't think of where they would be able to stamp
23 any.

24 MR. PATTILLO: Mr. Trujillo, we can do
25 anything. You know that. But what is driving that

1 is -- talking about driving plates. Everybody has
2 an embossed plate on their car. A lot of the states
3 have gone to the flat plate. We have been
4 investigating the flat plate for several years with
5 the Department of Motor Vehicles and the CHP. CHP
6 is really the one that drives the authorization of
7 the flat plate. CHP right now is not ready to go
8 there, for a flat plate.

9 We've gone out to request for proposal several
10 times. We are ready to implement a flat plate
11 program, but until DMV asks for a flat plate
12 program, we are just -- we are doing what the
13 customer wants.

14 You are actually right on the skill. There's
15 different technical skill, computerized and graphics
16 wise.

17 Mr. Davidson, from your time over at DMV, you
18 know your customer. You are still at that agency.
19 But as we spoke with CHP, and we talked about this
20 several months ago, CHP is not ready to switch to
21 flat plate. And so --

22 MEMBER TRUJILLO: If I can interject. When
23 Commissioner Spike Helmick was Commissioner under
24 the Gray Davis administration, I believe, I met with
25 Kim with the Department of Motor Vehicles along with

1 the Commissioner. At that point it was told to me
2 that if the governor liked it, then CHP would like
3 it. So if, being a governor's appointee to this
4 Board, maybe I can meet with the governor's
5 representative and see. If we're ready to go, I
6 would like to see us go with it. So I'll talk to
7 you after the meeting a little more about it. Maybe
8 I can set some meeting with us and the Department of
9 Motor Vehicles and --

10 MEMBER DAVIDSON: It's been a little while
11 since we had that discussion or conversation with
12 CHP. I would be more than happy to revisit that.

13 MEMBER TRUJILLO: Thanks.

14 MEMBER MASTELLER: Is there a reason? Is
15 there a safety issue? There's more visibility with
16 raised letters versus the flat?

17 MR. PATTILLO: I will relay my conversation
18 with Commissioner Farrell when we were talking about
19 this. The safety issue that CHP has raised, in
20 certain locations, like Tahoe, other high desert
21 areas that have snow cover and mud cover, they can't
22 read the plate when they get covered up.

23 That being said, there is plenty states that
24 have snow that have flat plates. So, obviously,
25 something's got it there. You hit a good point,

1 Mr. Trujillo. Whatever the governor wants is what
2 is going to happen. That is where we are. We will
3 do whatever the governor's office directs, DMV
4 directs.

5 We can all go down. Since Mr. Davidson has
6 both those departments in his agency, I really
7 appreciate him stepping up to facilitate that
8 meeting.

9 MEMBER TRUJILLO: Thank you.

10 MEMBER BUTLER: A quick question about
11 capital expenditures. Any major new growth plans?

12 MR. PATTILLO: We're actually going to talk
13 about that separately, Mr. Butler, but I can talk
14 about that. I was going to bring Devin up. Our
15 overall capital, our biggest single expense in
16 capital, and Devin will be up here in a second, is
17 replacing the milk machine down at DVI Dairy since
18 we've had such significant problems with that
19 overall.

20 MEMBER BUTLER: I'll be happy to wait till
21 discussion.

22 MR. PATTILLO: And Corcoran also. Once we
23 get there, we'll go through that whole --

24 MEMBER BUTLER: Looking at your statement,
25 cash flows, it looks like that is at least one big

1 consumer of cash. Just the previous capital
2 projects you've taken on, those look fine, produce,
3 hopefully, good revenue streams in the future, but
4 interested in the trend. What is next?

5 MR. PATTILLO: Well, we're getting to the
6 point where we were running on Band-Aids on a lot of
7 our equipment, and a lot of stuff failing on us. So
8 we go through there. We are doing vehicle
9 replacement in our sales division, approximately
10 \$300,000. Almost every one of the cars has over a
11 hundred thousand miles on them. I have folks
12 running around on cars that are running on
13 Band-Aids.

14 We can talk about that when we get to actual
15 cash.

16 MEMBER BUTLER: Fine.

17 MR. PATTILLO: Any other questions on
18 annual plan?

19 MEMBER SINGH: I have a question. I want
20 to know what about the transfer of \$13,000,000. Did
21 it transfer?

22 MR. PATTILLO: That is part of the cash
23 discussion. I will answer it now.

24 On May 24th, there was a transfer order signed
25 between the Department of Finance and the Secretary

1 transferring \$13,000,000 from Prison Industry's
2 resolving fund to the General Fund. Department of
3 Finance is of the opinion that we had significant --
4 sufficient operational cash to run our operation.
5 To this day I disagree with that.

6 I was able to appeal that decision, but the
7 appeal -- they stand with their decision. My appeal
8 was based on they didn't take into consideration
9 money this Board had appropriated in the current
10 year for capital. It wasn't taken into
11 consideration. Therefore, giving what they say we
12 have operationals, operational requirements, if they
13 took into consideration that, that transfer would
14 bring us below our operational requirements.
15 They say \$45,000,000. That's where that funding
16 went, Mr. Secretary.

17 MEMBER WOODFORD: You're going to talk
18 about this later?

19 MR. PATTILLO: As part of cash, which would
20 do -- Ms. Woodford, we do an annual plan, saying
21 this is the blueprint. This is what we are going
22 to do, and then we are going to talk about how it
23 affects cash and what other cash requirements we
24 have. We do the capital separate.

25 MEMBER WOODFORD: I really would like to

1 know what the appeal process was. Really like to
2 know how that --

3 MR. PATTILLO: Any other questions
4 regarding the annual plan portion of this? I would
5 like to say we'll be moving this, doing this again
6 in six months, that portion of it. And we will have
7 a better idea when our finances come in, audited
8 finances.

9 MEMBER MASTELLER: Chuck, you didn't hear
10 anything about the medical, the temporary building.
11 I remember there was, like, a prototype in Pelican
12 Bay. And we were thinking about doing another
13 prototype. Is that something ongoing or have we
14 cancelled that?

15 MR. PATTILLO: We actually have three
16 prototypes that were authorized. The first one is
17 the telemedicine facility that we built up at
18 Pelican Bay, and they are using that. I know the
19 receiver's office has been studying that. It was
20 part of about \$3,000,000 we actually gave to CDCR
21 for building buildings.

22 The second one is the emergency operations
23 center out there. That is actually a Correction's
24 facility that we're using for training. It's both
25 Highway Patrol and Department of Military and

1 Homeland Security would like to process that as the
2 northern training facility. And it's an actual
3 operation center. If something goes south -- this
4 is the highest point in Sacramento. Something goes
5 south in this county, this is where you want to be.
6 Especially on a flood. Best place to be. So we're
7 working on.

8 The third one is our modlight, which is a 14
9 unit office building. That is still in production.
10 That was funded last year, and we will have that
11 installed by the end of this fiscal year. That's
12 replacement for all the modulars out in the parking
13 lot. That will be done in the next fiscal year.

14 MR. WALKER: I have to do that.

15 MEMBER MASTELLER: So everything's up and
16 running?

17 MR. PATTILLO: Except for the last set. We
18 are letting that finish. We did that as a marketing
19 procedure, to get folks to look at and buy these.
20 We are hoping that we can get some more business out
21 of it. We have some folks on the drawing board.
22 We'll see how it goes.

23 MEMBER WOODFORD: I actually have one more
24 question. This may be out of place, and we can talk
25 later. I know we have C-ROB represented here. Do

1 they look at the recidivism rate in our programs
2 within PIA and make recommendation to the
3 Department?

4 MR. PATTILLO: I will go over there and
5 present. I'm about due to go over again to present
6 on what we do. They do observe. I think they're
7 here today also in the role of Inspector General, in
8 that role also since their staff also -- I know the
9 Executive Officer of the California Rehabilitation and
10 Oversight Board is sitting behind me, Renee Hanson.
11 If you can raise your hand. She's also the Special
12 Assistant Inspector General. They've been coming
13 out a lot, actually. Last month the Inspector
14 General came out and addressed one of our offender
15 classes, the females that were in our carpentry
16 class. He came out to present a presentation and
17 walk around the facility. They actually hit every
18 one of our facilities when they go out. We do a lot
19 interaction with them.

20 MEMBER WOODFORD: Great to hear.

21 MR. PATTILLO: Motion.

22 CHAIR BEARD: So, thank you.

23 Is there anyone in the public that would like
24 to make a comment or address the Board on this
25 subject?

1 Is there a motion to approve the action item
2 for approval of the adoption of the annual plan for
3 Fiscal Year 2013.

4 MEMBER TRUJILLO: Move.

5 MEMBER DAVIDSON: Second.

6 CHAIR BEARD: All in favor.

7 Opposed.

8 Motion carries.

9 Will you please present the second action
10 item?

11 MR. PATTILLO: Mr. Chairman, if I can
12 introduce Devin Fong who is our Assistant General
13 Manager of the administration division. He is going
14 to do the presentation of cash and capital.

15 Devin.

16 MR. FONG: Good morning, Secretary Beard
17 and Members of the PIB. It is my pleasure to
18 discuss with you the designation of cash as it
19 relates to the proposed annual plan for '13-14
20 Fiscal Year. What I am going to discuss is in
21 Exhibit B-1 in the binder.

22 CALPIA's proposed cash position for '13-14 is
23 projected to decrease by 23.4 percent over midyear
24 revised projection to \$47.7 million at the end of
25 the fiscal year as reflected in Exhibit B-1 of your

1 binders. The primary reason for the decrease is
2 transfer of \$13,000,000 from the Prison Industry
3 resolving fund to the general fund. We will discuss
4 that a little bit later in the comments.

5 Of this cash, the \$47.7, \$26.1 million is
6 obligated for current liabilities associated with
7 compensated absences, Workers' Comp and all other
8 liabilities. Long-term liabilities amount to \$59.9
9 million for OPEB and Workers' Comp.

10 Current liabilities for current year equal
11 \$26.1 million and compensated absences, \$11.5
12 million. Workers' Comp, \$1.9, and all other
13 expenses are \$12.7.

14 Our long-term liabilities equal \$59.9 million.
15 Of that \$46.3 million is OPEB and \$13.6 million is
16 Workers' Comp.

17 The next section I would like to discuss is
18 the proposed capital schedule which is in Exhibit
19 B-2. CALPIA'S Fiscal Year '13-14 capital
20 expenditures budget is \$15.4 million, a decrease of
21 \$2.8 million or 15.6 percent reduction from the
22 Fiscal year '12-13 midyear revised.

23 Capital expenditures show the proposed capital
24 schedule investments in CALPIA's infrastructure to
25 update and repair buildings and operational

1 equipment. This includes the following capital:
2 \$13.0 million for field enterprises; \$2.4 million
3 for central office; \$700,000 for various central
4 office improvements; \$600,000 for various equipment,
5 such as a generator up here at the emergency
6 operation center, and security upgrades for this
7 camp area.

8 The transfer of the \$13,000,000 from the Prison
9 Industry revolving fund to the general fund is
10 Exhibit B-3. On May 24, the Secretary of
11 Corrections and the Director of Finance signed a
12 joint letter to the Controller ordering the transfer
13 of \$13,000,000 from the Prison Industry revolving
14 fund to general fund. That is the order that we
15 received on May 24th. We appealed to the Director
16 of Finance under the premise that the Secretary was
17 not provided all of the information that we thought
18 was relevant.

19 Specifically, the supporting information that
20 we thought was ignored was about \$71.4 million in
21 current liabilities - Workers' Comp \$15.5,
22 compensated absences of \$10.8 million and OPEB
23 obligation of \$45.1 million.

24 On June 7th, Finance notified us that the
25 transfer order would stand and not be rescinded.

1 The transfer would reduce our fiscal year beginning
2 cash amount from \$49.2 million, with a projected
3 ending cash balance of \$47.7 million.

4 Penal Code § 2806, transfer to the general
5 fund, does not require PIB approval. So what I am
6 requesting is CALPIA request that the PIB approve a
7 total of \$15.425037 million designation of cash for
8 capital expenditures for ongoing operations.

9 MEMBER ALEGRIA: Quick question.

10 Obviously, the enterprises are quite capital heavy.
11 Big picture approach to capital expenditures
12 typically - is it as needed? What is the planning
13 and methodology that typically goes into it?

14 MR. PATTILLO: If I can answer. We have a
15 five-year capital plan based on what we know is out
16 there. The biggest things that have been affecting
17 us capital-wise is actually movement of things.
18 With AB 109 and a few other things that have been
19 going on, the reorganization, we are starting to
20 have to physically move some locations, which
21 normally wasn't the case. Moving the almond orchard
22 operation packaging from one prison to another. The
23 other one was moving egg, the egg production. Our
24 egg production, which was outside, which we are
25 having problems getting offenders for, is coming

1 inside the facility, which is not unheard of. We
2 actually package milk inside Corcoran State Prison,
3 which is pretty rare to have something inside a
4 prison. We are doing a lot of those movements.

5 If we look at it on a five-year basis, we also
6 have contingencies because we have things that go
7 down. This year we've had more problems with our
8 milk production, with those plants, than we've had
9 anything; and that's about a \$3,000,000 hit.
10 Overall, it is just general maintenance. The big
11 one also now is security.

12 And, Ms. Woodford, we've talked extensively
13 about this. We are putting camera systems in almost
14 every facility that we have. Not only is the nature
15 of our work, but the safety of food operations and
16 also helps us get back and running. We rarely have
17 any incidents. But when we do, we'd like to have
18 them on film, and then we get right back up running
19 in 24 hours. Otherwise things would be shut down.
20 Investigations, those kind of things.

21 MEMBER WOODFORD: They serve for litigation
22 prevention.

23 MR. PATTILLO: Very good point. Very good
24 point.

25 So it is usually based on a five-year. We

1 were very conservative before. And I'm trying to
2 avoid shutdowns because of equipment failures.
3 Central office stuff is mostly security, ADA
4 improvements, those kind of issues.

5 MEMBER ALEGRIA: Is there any pressure
6 because of ADA compliance to move forward with that
7 sooner than later?

8 MR. PATTILLO: For us, now we have more
9 traffic in that building. We also have a new
10 facility opened right next to us. We are trying to
11 get that all corrected. If any of you have been to
12 our facility now, we actually more cameras. We have
13 more gates. Things like that. We work very closely
14 with the Office of Correctional Safety in getting
15 those things up.

16 Also, accommodating more offenders in training
17 programs. Right now you can see there is few
18 construction things going on out there. It is
19 mostly accommodating offender training core
20 production.

21 MEMBER ALEGRIA: Thank you.

22 MEMBER MASTELLER: The \$500,000 on online
23 catalogue ordering systems seems like a large
24 expenditure. Are we replacing a system?

25 MR. PATTILLO: We are actually taking out

1 our current online ordering system, which has about
2 three phases to it. You order online. It prints
3 out a piece of paper. We have to enter that piece
4 of paper in a manufacturing system. We are looking
5 for a full, seamless system. Last time we did this
6 was 13, 14 years ago, and we used the Cal State
7 University, Chico to do this. Most of it is going
8 to be done in-house, but we have to have a fully
9 integrated system that talks to our accounting
10 system and talks to our production system. It
11 actually could have been higher. I have seen some
12 pretty expensive ones. Our initial bids were pretty
13 high, in millions of dollars. We don't think we
14 need that kind of cash to do that.

15 MEMBER MASTELLER: I just want to ask, in
16 reviewing the \$13,000,000 that went to the general
17 fund, one of the discussions regarding the
18 information that was received that was incorrect.

19 First of all, I was curious as to how
20 incorrect information was available in order to make
21 a decision to withdraw \$13,000,000. How can you use
22 old information? That was my first concern. That
23 certainly wouldn't happen in private business where
24 old information was used to determine something that
25 was happening a year later.

1 But I also wanted to understand why we had a
2 \$40,000,000 OPEB liability sitting on the books? Do
3 we hold on to years of that liability at a time?

4 MR. PATTILLO: Let me answer in two parts.
5 On the OPEB, that started in 2007. It was the first
6 year that I was General Manager. And we started
7 setting that cash aside for that obligation that was
8 identified by generally accepted -- government
9 auditing standards, Rule 45. We put that aside.
10 And Mr. Butler, and this is part of your
11 conversation three meetings ago. We attempted to
12 take that cash -- because we have to hold it, we
13 attempted to put it aside. We wanted to put it into
14 an interest bearing account with CALPERS as they do
15 for cities and counties that have OPEB liabilities.
16 It was sitting in our PIRF, in our Prison Industry
17 revolving fund. That drove up the balance.

18 They are not recognizing that OPEB. They are
19 recognizing that balance as operating funds, and
20 they are not operating funds. We just don't have a
21 mechanism to set it aside. That's what Devin was
22 investigating. Not our Finance, PERS, CAL HR and a
23 few other organizations. How do we get this thing
24 off our books into a side account before finance
25 comes in and sweeps some out?

1 Finance did their analysis based on data that
2 did not take into consideration in our annual plan.
3 If you look at -- there are some metrics -- this is
4 behind Exhibit B-4. That is the way it should have
5 looked. So we have about a \$15,000,000 difference.
6 We did give them the numbers there, and went through
7 the whole --

8 MEMBER MASTELLER: That was with your
9 letter on amending the process or the appeal
10 process?

11 MR. PATTILLO: That was part of the backup
12 to our appeal process.

13 MEMBER WOODFORD: My question along the
14 same lines, understanding the process. Did you just
15 get surprised by the \$13,000,000 or was there a
16 conversation beforehand, before the money was taken?

17 MR. PATTILLO: I got a call from the
18 Department of Finance saying a copy of a transfer
19 order was coming over.

20 MEMBER MASTELLER: How do they request the
21 information in order to make the decision? Did they
22 come to you and say, "Let us have your updated
23 document?"

24 We just went through the whole audit process.
25 It seems to me we should have had very accurate

1 information that they could have looked on at.

2 MR. PATTILLO: As you may recall, in
3 December they made the call right before January
4 10th that they were looking to transfer \$25,000,000.
5 And we had this discussion at the last Board meeting
6 and went through the whole obligations of what the
7 cash was, what realistic was. We went through that.
8 We didn't have any of those conversations this time.
9 It was -- those conversations didn't occur.

10 MEMBER MASTELLER: Just skip it.

11 MEMBER WOODFORD: I just have to say that
12 I'm really troubled by the process. I would like to
13 understand what we can do so this doesn't occur
14 again. Because, I mean, we really have tried to,
15 under your leadership, turn PIA into a very
16 responsible business that continues to grow and meet
17 our fiscal operations. So what advice do you have
18 for us?

19 CHAIR BEARD: What advice I have is I think
20 that PIA has to become more transparent and open
21 about the process. And maybe we need to be
22 providing quarterly reports or updates so that
23 everybody knows what is here and what isn't here.

24 Some of the reasons that they didn't want to
25 change after Mr. Pattillo asked for it to be

1 reviewed was the fact that they didn't believe that
2 PIA should maintain the total leave buyout, that was
3 ultimately plans for a leave buyout. That what most
4 people do is they put in their budget for the year
5 what the leave buyout for that year is going to be,
6 rather than total leave buyout. That was one
7 reason.

8 Another thing that they saw was the tripling of
9 capital expenditures over the last two years. That
10 was a significant increase, and, you know, I
11 wouldn't say that maybe, when I was in another state
12 running it, that our correctional industries didn't
13 increase our capital expenditures plan to try to
14 make sure we didn't lose money. I wouldn't say
15 that. But it may have happened from the outside,
16 somebody looking and seeing a tripling of the
17 capital expenditures. I think that was something
18 that troubled them.

19 It might be very good reasons that have been
20 mentioned that that could occurred. This is what
21 they are seeing from the outside.

22 I think the other thing is they didn't feel
23 that they had considered the settlements in the
24 number. And I think Chuck didn't feel that that was
25 in there. They also felt there is nothing magical

1 about a three-month reserve, but they thought that
2 was a very conservative reserve number to go with
3 that.

4 So for all of those reasons, or I am sure that
5 there was others, those were some of the reasons
6 they didn't grant the appeal. Now, the only thing
7 in the process that went wrong here is, it was my
8 fault, signing the letter without Chuck seeing it.
9 I assumed that there had been recent discussions
10 with him. When I found out there weren't recent
11 discussions, I contacted the Director of Finance and
12 I actually submitted the appeal, and said I wanted
13 this reviewed and give us reasons why, if you are
14 not going to do it. Basically, what I just relayed
15 to you are the reasons they didn't change it.

16 I know there is still a disagreement here. So
17 that gets to how I began the whole thing. How can
18 we increase the transparency with Finance so that
19 they have a better understanding of what is going on
20 so we don't end up having this kind of situation
21 again?

22 Because, if next year they come to me and they
23 want to move money, you know, I'm going to then make
24 sure that we have updated information and Chuck's
25 been involved in the decision. But I would rather

1 not get to that point without us all being in
2 agreement. So that is why I think we need to do
3 what we can to increase the transparencies, some of
4 these concerns that they have can be dealt with.

5 MEMBER WOODFORD: I appreciate that. I
6 certainly understand why you would have assumed that
7 there was a conversation because that is what should
8 have happened. But did they -- the reason for
9 denying the appeal, did they put that in writing?
10 You mentioned a few things, such as the reserve,
11 which is the best practice an organization should
12 have, 25 percent reserve. Did they put any of that
13 in writing at all?

14 CHAIR BEARD: I don't believe they did, no.

15 MEMBER WOODFORD: Could we request that
16 from them so that we would know what to address in
17 the future?

18 CHAIR BEARD: Certainly request it. But I
19 don't know whether they will or not.

20 MEMBER TRUJILLO: I have a question. Maybe
21 it should be addressed by counsel. The money goes
22 into a revolving fund. Could there be another fund
23 where some of money would go so we wouldn't have
24 this problem? Could that be legislatively or --

25 MR. PATTILLO: Mr. Trujillo, that's what we

1 were actually attempting to do because there is an
2 account out there that is for locals, cities and
3 counties, to put aside OPEB funds. That is what we
4 were looking to do. Devin had been putting that
5 request in, and we kept getting put off. Now we
6 don't have those funds to transfer.

7 If I could go back to the transparency aspect.
8 This is something that, and I know Secretary is, for
9 lack of a better word, repeating what Finance's
10 recommendations were about transparencies to us.

11 And I have asked the Department of Finance, please
12 explain what they mean because we do -- we are one
13 of a very few agencies that have audit financials.
14 We have a Board that passes everything that we do.
15 Cash goes up and down all yearlong. Finance gets a
16 monthly report of what our cash balances are. They
17 know what it is. They also know when the
18 Treasurer's office borrows money from us, which they
19 do at \$23.1 million a shot on a daily basis. We are
20 loaning the State \$23,000,000.

21 So Department of Finance's concerns that we
22 need to be more transparent, I'm really not sure.
23 On the quarter aspect of it, they get a monthly cash
24 report. They read it every month. So I'm not sure
25 what else I can do to appease Finance.

1 MEMBER WOODFORD: Well, some of the
2 concerns are really our business decisions, in my
3 opinion. How much of a reserve we have and other
4 issues. So that is why I think they should tell us
5 why they denied our appeal so we can respond to
6 them.

7 MEMBER MASTELLER: There must be some
8 criteria in the way that the Penal Code is drafted
9 at anytime that the Secretary and Director
10 determine. I mean, it's pretty broad. So they've
11 got to be working from a criteria when they're
12 comparing our numbers that isn't related to our
13 criteria. Right? So I think if you put together
14 this is what our criteria is and this is why we have
15 these funds and segregated for this, just like you
16 do for us every -- so we can compare quarterly. But
17 maybe, you know, in ABC's and color coded, I don't
18 know, and say this is what is important to us and
19 why, so that their criteria can be in alignment or
20 at least there can be a discussion with the
21 differences and the criteria.

22 MR. PATTILLO: The transparency aspect of
23 it, you're correct on that portion of it. But the
24 transparencies start with a phone call from the
25 Department of Finance. Not put the Secretary in a

1 position where he's assumed that they have already
2 spoken with me. Because that was a very good
3 assumption. He probably assumed that they had
4 discussed with me, and it hadn't happened. But as
5 Secretary, I can see how that assumption was made.

6 MEMBER BUTLER: Some of the context here,
7 though, that there were some agencies in recent
8 months who had unreported cash. There is no
9 allegation that that happened here. To be clear.
10 But the Governor then directed the Department of
11 Finance to do an exhaustive search of all the cash
12 funds in the State, and to, you know, release as
13 much cash as possible so that we have no more of
14 these incidents like other agencies. That is not
15 part of the context of what is happening here.

16 MR. PATTILLO: That was part of the context
17 that started back in November. That was when they
18 said, "We are looking at all cash."

19 We are very upfront about it. All of our
20 accounts are registered. We have one primary
21 account. Pretty easy to see. We have a daily
22 balance that they can look at. That was their
23 initial -- that was back in November and December.
24 This portion was looking at -- they say we have
25 sufficient cash to run our operation without taking

1 into consideration. I mean, transparency-wise, the
2 PIB report was on the web his July 1. The PIB
3 report was sent to the Department of Finance on July
4 1; 120 copies were sent to the Assembly. So I'm
5 kind of struggling with the transparency issue.

6 MEMBER STEEB: I think the other thing that
7 -- what I'm hearing is in terms of the capital
8 expenditure, you know, concern that they had concern
9 that we had increased capital expenditure. Wasn't
10 some of that due to the fact that we are dealing
11 with a very different population now? We're also
12 having increased -- we have to increase our security
13 because of that, and because of the food safety
14 issues. And, I mean, I don't know if there is a way
15 that we can put together a narrative to really help
16 them understand as well the different kind of
17 population we're dealing with and --

18 MR. PATTILLO: We'd actually given them all
19 that narrative. The big thing out there was kind of
20 stunning, \$3,000,000 of that capital plan was
21 buildings that technically, for lack of a better
22 term, we gave to CDCR. So we are out here investing
23 money in other departments to help them out, and
24 they're not taking that consideration in.

25 So I worked for Finance for a lot of years.

1 Sometimes I still don't know what they're thinking
2 is. Sometimes.

3 MEMBER STEEB: Maybe rather than just
4 sending them quarterly reports, we sit down with
5 them. Sit down with them and go through -- make
6 sure they really understand that the business is
7 evolving, which it needs to. And I get it, they're
8 numbers people for the most part and they don't --
9 we can't expect them to read between the lines like
10 we expect us to do. It may be worth it.

11 I don't disagree with Chuck; we've been
12 transparent. But they are who they are. They can
13 do what they just did. We don't want that to
14 happen. Maybe we need to take the time and go sit
15 down with them, as painful as it may be.

16 MR. PATTILLO: They are given every
17 opportunity. We've provided them all the
18 information. We are in contact with them all.
19 We'll work on something. Being more transparent,
20 I'm not sure how to do it. After we went through
21 all this, we communicated to them. A couple things
22 I know that you wanted to ask them for them to
23 officially respond to it.

24 The question I really have for Finance, and I
25 haven't gotten a response, is their opinion on

1 funding of OPEB. I know the Secretary hit on the
2 vacation balance, and that is how a lot of agencies
3 operate. The OPEB, I haven't seen anything in
4 writing that says, beyond recognizing that
5 liability, we don't have to fund it. We're
6 following the books. The auditors are here. Maybe
7 they can comment a little bit on that. We are
8 playing by the rules, and we got smacked.

9 MEMBER MASTELLER: Right. Which is often
10 what happens when you play by the rules.

11 CHAIR BEARD: So, again, maybe we should
12 sit down with them and see what they think we should
13 be doing, because I've heard that brought up, too.

14 MEMBER MASTELLER: That could be part of
15 the transparency conversation.

16 CHAIR BEARD: It goes back to being on the
17 same page that you mentioned. That we need to sit
18 down and say, "We are doing this. Do you agree or
19 not agree with this?"

20 Just because you're doing it and you told them
21 you're doing it, they don't agree it, then that
22 becomes a reason for them to sweep money. I think
23 there needs to be further discussion, at least to
24 find out what their concepts are on some of these
25 things.

1 MEMBER WOODFORD: At the same time if we
2 think we are following the law, which I do think we
3 do, and they're saying, "Other people aren't, so you
4 shouldn't either," it seems like they ought to put
5 that in writing to say, you know, "You're the only
6 agency or one of two --"

7 MR. PATTILLO: Five.

8 MEMBER WOODFORD: " -- five agencies who
9 are doing this practice this way. And our
10 interpretation of the law is something different."

11 Because five years from now when we can't fund
12 our liabilities, then we're going to be attacked for
13 not being responsible.

14 MEMBER MASTELLER: Right.

15 MEMBER WOODFORD: That is the concern.

16 MEMBER SINGH: Do we have any rainy day
17 fund?

18 MR. PATTILLO: We actually have sufficient
19 cash right now for operations, Mr. Singh. It's
20 based on the nuclear [phonetic] option where we're
21 done in the next 45 days. How are we going to go
22 liquidate that? We have that.

23 What's also mitigating some of this and
24 probably why I'm not jumping up and down so much as
25 I was on day one is that I think we did pretty well

1 throughout this year. Part of our cash does build
2 up through depreciation of assets. As you see, our
3 depreciation number has gone up. Is this going to
4 be earth shattering to us? No. Did we learn a
5 lesson? Yes. Did the Secretary learn don't believe
6 everything Finance tells you? Yes.

7 No, I'm teasing, Mr. Secretary. It's one of
8 the -- it's a communication issue. And this is a
9 big organization that is being run out there, and we
10 just have to do a better job of communicating. We
11 will do a better job of communicating with Finance.

12 MEMBER DAVIDSON: Chuck, prior to this
13 \$13,000,000 transfer, do you know the last time they
14 transferred money?

15 MR. PATTILLO: The last time I think was
16 1991, a \$10,000,000 transfer. In that case it was
17 actually very well noticed, actually discussed in
18 front of the Board, everything else was going on.

19 MEMBER DAVIDSON: Twenty-plus years?

20 MR. PATTILLO: Yes. Just the nature of the
21 times. The OPEB issue drove our cash. That is
22 really what is driving all of this, is OPEB set
23 aside cash. And until they come out with a
24 statewide policy, our liability right now is over
25 \$7,000,000 a year. The Secretary's liability, which

1 is not funded, is over \$600,000,000 a year. But his
2 agency, just like your agency, they are not funding
3 it. And it is set aside in a pay-as-you-go. It is
4 a big issue that the Legislature needs to tackle in
5 however we do it. We were following the rules in
6 this case.

7 MEMBER WOODFORD: So to close this out, you
8 will ask them for --

9 MR. PATTILLO: I will request a response
10 from Department of Finance, specifically on OPEB, on
11 what their -- what they believe the funding
12 requirements are for OPEB and a formal rejection of
13 my request to rescind their order.

14 Is that what you are asking for?

15 MEMBER WOODFORD: Yes. Thank you.

16 MR. PATTILLO: Okay. With that, we've
17 separated the two issues there. We do have the
18 capital plan. Going back to the capital list.

19 We are increasing the capital, but most of it,
20 as you can see, is replacing aging equipment, fire
21 life safety issues. Some items around here, some
22 computer items. And the big one that is out of the
23 ordinary is our vehicle fleet in sales. But as that
24 will be ten vehicles out and ten vehicles in.
25 Mr. Butler's Department of General Services does

1 like for me to keep track of how many vehicles I do
2 have.

3 MEMBER BUTLER: We sure do.

4 MR. PATTILLO: They are in and out.

5 On the out-of-state travel, this is travel
6 budget for the staff. As Board, your budget's in
7 there. It did increase a little bit. The reason
8 for that, we hadn't been funding the position that
9 is assigned to the Board. We are funding it now.
10 We had to get a lot more clerical help.

11 But, also, on travel, if you're looking to do
12 travel to out-of-state functions or in-state
13 functions that are related to us, let us know
14 because we have -- that is part of your job and
15 investigations.

16 With that, we would ask for a motion on
17 capital.

18 CHAIR BEARD: Is there anyone from the
19 public that would like to make a comment what we
20 just discussed?

21 Then is there any motion to approve the action
22 item for approval of designation of cash for the
23 Fiscal Year 2013 to 2014?

24 MEMBER MASTELLER: I will move.

25 CHAIR BEARD: Second?

1 MEMBER ALEGRIA: Second.

2 CHAIR BEARD: All in favor.

3 Opposed?

4 Motion carries.

5 Would you please present the next action item?

6 MR. PATTILLO: I am going to have to switch
7 horses here and bring Scott back up, and have Scott
8 present the next item - increase to statewide
9 revenue limit for the California Prison Industry's
10 Metal Sign Enterprise.

11 MR. WALKER: Good morning, Mr. Chair and
12 Board Members. My name is Scott A. Walker, and I am
13 the Assistant General Manager for California Prison
14 Industry Authority. I am here to present proposed
15 statewide revenue limit increase for the Metal Sign
16 Enterprise.

17 There is currently one metal sign operation
18 operated by CALPIA, and it is located within Folsom
19 State Prison. The California Prison Industry
20 Authority is requesting statewide revenue limit
21 increase of \$630,000 from the current limit of \$1.27
22 million, for a total of \$1.9 million.

23 The Metal Sign Enterprise located within
24 Folsom State Prison has been in operation for more
25 than 30 years. The Metal Sign Enterprise primary

1 customers are the California Department of Parks and
2 Recreation, the California Highway Patrol, the
3 California Department of Motor Vehicles, and the
4 California Department of Corrections and
5 Rehabilitation. The primary services provided by
6 the Metal Sign Enterprise is decals. Decals account
7 for approximately 70 percent of the revenue. The
8 decals provided by the Metal Sign Enterprise include
9 off-highway vehicle stickers, CHP enforcement decals
10 and various decals for the Department of Parks and
11 Recreation.

12 The Metal Sign Enterprise also provides
13 numerous metal signs. The Metal Sign Enterprise has
14 the capability of producing silk screen and die cut
15 signage. The primary customers for the metal signs
16 are the Department of Parks and Recreation and the
17 California Department of Corrections and
18 Rehabilitation. The Metal Sign Enterprise also
19 provides various banners and braille interpretive
20 signage.

21 The Metal Sign Enterprise revenues have
22 increased gradually over the past ten years. The
23 enterprise's projected revenue for Fiscal Year
24 2013-14 is \$1.3 million. This is approximately
25 \$33,000 over the current revenue limit. The Metal

1 Sign Enterprise has been at or near the current
2 authorized revenue limit for the past four years.

3 This increase is due primarily to increased
4 demand for decals. CALPIA expects that the demand
5 for decals as well as banners will continue to
6 increase. Given the increased demand for decals and
7 other items, it is projected that the Metal Sign
8 Enterprise with increases in the current services
9 provide will exceed its authorized limit without
10 this revenue limit increase.

11 There are currently 28 offenders assigned in
12 the Metal Sign Enterprise. It is anticipated that
13 if this revenue is approved, an additional ten
14 offender assignments will be added to the Metal Sign
15 Enterprise. Offenders assigned to the Metal Sign
16 Enterprise are required to participate in various
17 skill certification courses.

18 Some of the certification courses offered are:
19 National Institute for Metal Specialist, NIMS;
20 Customer service specialist; Overton Forklift
21 certification as well as courses offered through the
22 Printing Industry of America and Graphic Arts
23 Technical Foundation. Offenders are eligible to
24 receive internal certification through CALPIA for
25 demonstrating proficiency in various skills and

1 knowledge related to decal and metal sign
2 production. Additionally, offenders are required to
3 participate in and successfully complete a GED
4 program if they do not possess a high school diploma
5 or GED when entering the program. The Metal Sign
6 Enterprise has two permanent civil service staff -
7 an Industrial Superintendent II and an Industrial
8 Supervisor.

9 There will be an increase in raw material
10 purchased by the CALPIA's Metal Sign Enterprise if
11 the revenue limit increase is authorized. The
12 enterprise currently expends approximately \$500,000
13 annually in materials and supplies, of which
14 approximately \$350,000 or 71 percent are from
15 California companies.

16 There could also be an impact to the private
17 sector companies within California if the additional
18 items of the Metal Sign Enterprise were previously
19 provided to the State by private sector companies
20 within California.

21 CALPIA's research shows that the sign industry
22 in the State of California generates an estimated \$1
23 billion in revenue annually and employs
24 approximately 11,500 workers. With CALPIA's
25 proposed revenue limit increase of \$630,000, for a

1 total revenue limit of \$1.9 million, CALPIA's
2 revenue would represent less than one-quarter of 1
3 percent of the sign industry market in the State of
4 California.

5 A public hearing was conducted on May 13th,
6 2013. The public hearing was chaired by Mr. Singh.
7 Representatives from several sign manufacturing
8 companies presented testimony on their behalf and
9 read statements from trade associations they were
10 affiliated with. The testimony received from those
11 in attendance was not supportive of CALPIA's request
12 to raise revenue limits. The concerns appeared to
13 be focused on CALPIA's metal sign items,
14 specifically related to CALPIA's potential to
15 provide road signs for the California Department of
16 Transportation, CalTrans.

17 In light of this testimony, CALPIA has decided
18 not to pursue the road sign business currently
19 procured by CalTrans from these companies.
20 Therefore, this item request of statewide revenue
21 limit is reduced to \$1.9 million instead of the
22 previously requested \$2.5 million at the public
23 hearing.

24 CALPIA recommends that the PIB approve the
25 increase of statewide revenue limit for the Metal

1 Sign Enterprise to \$1.9 million.

2 I would be happy to answer any questions the
3 Board may have on this item.

4 MEMBER BUTLER: Thank you for the excellent
5 summary. So just to recap, you're not requesting
6 any increase related to any component of the
7 business that would have been selling to the current
8 statewide contract with CalTrans for road signs; is
9 that accurate?

10 MR. WALKER: Correct.

11 MEMBER BUTLER: What percent of your total
12 sign business is metal signs? I heard you talking
13 about mostly increase in decals, and that would be
14 used in parks and places like there.

15 MR. WALKER: About 30 percent of those are
16 metal signs. And those have traditionally been for
17 the Department of Parks and Recreation, the brown
18 and white signs.

19 MR. BUTLER: I am not a brand new guru or
20 anything. Let me just ask kind of an open question.
21 Because some of the constituents had testified are
22 statewide contract holders, and they've asked me
23 this question. That is: Do you have an appetite
24 for modifying the name of this business segment from
25 metal sign to some other - and, again, I don't have

1 a solution for your - another way to describe your
2 sign business if metal is such a small component of
3 the business itself?

4 MR. WALKER: That's just been grandfathered
5 in, for lack of a better term. There's been a metal
6 sign shop at Folsom Prison for as long as I've been
7 working here, 27 years, and some time before that.
8 We obviously created some angst in the folks here
9 talking about it. It certainly wasn't our
10 intention. We talked about it a little bit this
11 morning. I kind of explained to the representative
12 from Safeway that just, again, was grandfathered in.
13 We've always called it that. It's always be called
14 that. We haven't given it any consideration until
15 this morning, quite frankly, of changing that. I
16 explained that to them.

17 To respond to your question, I mean, certainly
18 there is something we can look at. We are not tied
19 to that. It's always been there.

20 MEMBER BUTLER: This is something that
21 obviously gives it some distinctiveness so that you
22 can market it, right?

23 MR. WALKER: Right.

24 MR. BUTLER: Metal probably does give you
25 some cachet. Perhaps there is a better way to

1 describe the business.

2 Thank you.

3 CHAIR BEARD: Thank you.

4 Anyone from the public have any comment on
5 this issue?

6 Then is there a motion to approve PIA's
7 request?

8 MEMBER SINGH: Mr. Chairman, I was there
9 and the chairman at that meeting, and I think this
10 is a good idea to start this. So I move it.

11 MR. TRUJILLO: Second.

12 CHAIR BEARD: All in favor.

13 Opposed.

14 Motion carries.

15 Why don't we take a five-minute break for
16 everyone, and we will get on to the next action
17 item.

18 (Break taken.)

19 CHAIR BEARD: Excuse me, everyone. I think
20 we exceeded our five-minute break, and I think we
21 are on the last action item.

22 MR. PATTILLO: Yes, Mr. Chairman. The last
23 action item, for lack of a better term, is kind of
24 moot. I brought Eric, our Chief of Public Affairs,
25 just to talk about what we are doing in the process

1 right now.

2 MR. RESLOCK: Good afternoon, Mr. Chairman,
3 Members. I am Eric Reslock, Chief of External
4 Affairs for CALPIA. To say that we're disappointed
5 is a real understatement to how this ended in the
6 last minute of last minute of those final budget
7 negotiations.

8 Just to give you an update of sort of the
9 process. This all began in February. I went to
10 make a personal visit down to the Legislature to
11 disseminate the report to the Legislature, to see
12 new faces, have them get to know me, that sorts of
13 thing.

14 Shortly after that visit I was contacted by
15 Budget Subcommittee staff, and they were expressing
16 an interest in getting some help understanding the
17 situation with our CTE and sort of funding history.
18 So we provided additional information. Then they
19 actually expressed interest in going forward. So
20 the thing really picked up from the staff level and
21 the subcommittee level, and started a making regular
22 trips down there.

23 Every step along the process there was nothing
24 but overwhelming support and admiration for our CTE
25 program and the willingness to help on both sides of

1 the aisle. As Chuck explained, we ended up having
2 meetings with both the chairs of the subcommittees
3 on each side. In both those meetings separately
4 they actually wanted us to do more and to accept
5 more money than we were even asking for.

6 So it went from the staff level to the chair
7 level and then, in fact, all the way to the
8 leadership level. Chuck told me he saw the Senator
9 Pro Tem at the Capital. Just ran into him. He was
10 even aware of this. There was nothing but positive
11 feelings and support.

12 Unfortunately, at that last evening,
13 literally, before the budget bill went into print,
14 apparently, it was resolved that the item needed to
15 be pulled back. One of the additional things that I
16 was told just verbally is that the Legislature and
17 the Governor's office had a different perspective
18 with respect to the assumptions about that, and I
19 think the Legislature's assumptions about revenue
20 kind of won out. And because of that, I believe,
21 that the administration signaled if you want to go
22 with that revenue number we need some savings.

23 I was told by the subcommittee consultant that
24 we sort of got caught up in this sort mega, this
25 larger sort of budget issue. But as Chuck was

1 saying, I don't think all the work's in vain. We
2 really, truly have some real champions in the
3 Legislature in positions that could really help us.
4 Senator Hancock is the chair not only of Public
5 Safety, but of the subcommittee that oversees public
6 safety. And I was told by her staff that this
7 proposal was her number one priority that evening,
8 as small as it may seem.

9 But, unfortunately, that's just how these
10 things go sometimes. A long-term solution to fund
11 this program is something that is just going to be
12 on the table going forward, and we will continue to
13 talk about it.

14 So I guess as far as the item is concerned, we
15 are pulling the item. I'm happy to answer any
16 questions.

17 MR. PATTILLO: The CTE programs we are
18 funding as a part of the annual plan are the
19 carpenters, the laborers program here, the divers
20 program as we mentioned, the computer refurbishing.
21 We are looking at a way to continue funding the
22 ironworkers, which is very important to us. And
23 then the things that were impacted in this was one
24 female program down at CIW is impacted, although
25 we're expanding females up here. Also, our two

1 computer program-related enterprises, computer
2 programming which Member Woodford went to San
3 Francisco with me to view a ten-week program that
4 teaches females, specifically, how to be computer
5 programers in ten weeks. Very successful program.
6 We are going to chase that down through a grant.
7 We're building a facility inside of a facility right
8 here. We have all the furniture. We are still
9 chasing that.

10 The other piece of that would be CAD
11 programming. We are going for that as part of
12 production, and that will be right out here. We
13 will just come back around and talk more with CDCR.
14 Very valuable programs, program spots.

15 Any questions?

16 MEMBER WOODFORD: Chuck, we could apply for
17 a grant for this or not?

18 MR. PATTILLO: There is a grant that we
19 missed by a week last year; we didn't have all the
20 information. It's Bureau of Assistance, \$750,000.
21 Specifically geared towards women and digital. So
22 this kind of fits right there. We are going down
23 that road. We've already engaged with our grant
24 writer and our grant staff on this. We'll have our
25 grant done, I would say, in 60 days and waiting for

1 the period to open up, and we'll go after it.

2 You saw that program. We can't let that get
3 away. And, also, it's very useful for us to have
4 offenders that know how to program because we can
5 use them internally on our own stuff.

6 Any questions?

7 MEMBER ALEGRIA: How much of the initially
8 proposed program do you feel would -- if the
9 \$750,000 that we might receive as part of this
10 proposed grant, how much would it cover, I guess is
11 my question.

12 MR. PATTILLO: Probably cover us for a
13 minimum of two years on one program or one year on
14 double programs.

15 MEMBER ALEGRIA: The equipment would be
16 covered of a significant portion thereof?

17 MR. PATTILLO: The equipment, some of it,
18 we're already funding internally. We've pretty much
19 have that up and running. We are hoping to use a
20 lot of refurbished computers that we are picking up
21 now.

22 Thank you.

23 That concludes our action items, I believe.
24 Our next is the information items. They will go
25 very quickly. Bring Scott back up here to do the

1 next information item as we go through the next
2 three.

3 MR. WALKER: Good afternoon, again. I am
4 Scott Walker. I will present the item on E-waste,
5 Tab E in your binder.

6 California State agencies and departments have
7 no comprehensive, seamless solution for disposing of
8 E-waste at the end of its useful life cycle. As
9 such, after some discussion with various State
10 departments, including Department of Toxic Substance
11 Control, DTSC, the Department of General Services,
12 the California Department of Corrections and
13 Rehabilitation, and the Department of Resources
14 Recycling and Recovery, known as Cal Recycle, CALPIA
15 decided to establish a vocational E-waste handling
16 program to collect and facilitate recycling and
17 refurbishment of E-waste.

18 Concurrently, CALPIA is assessing the
19 viability of establishing an E-waste recycling
20 enterprise. CALPIA believes that the establishment
21 of this enterprise will provide a solution for our
22 customers and will provide valuable training to
23 female offenders in the program.

24 CALPIA staff began researching the viability
25 of establishing an E-waste recycling and/or

1 refurbishing enterprise approximately two years ago.
2 As part of this research, CALPIA discovered that
3 several correctional industry programs operating in
4 other states and the Federal Prison Industries,
5 UNICOR, have successfully established E-waste
6 enterprises in partnership with their state and
7 federal agencies.

8 As a result, CALPIA began to assess the need
9 and viability of establishing an E-waste enterprise
10 for California State agencies and departments.

11 After discussion with these departments, it was
12 determined that the need existed. CALPIA also
13 recognized that there were some very variables that
14 needed to be assessed, including volume and type of
15 E-waste generated by California agencies and
16 departments.

17 To assess this volume, CALPIA established an
18 E-waste handling center for Career Technical
19 Education Program at the On-Time Delivery facility
20 in South Sacramento. This is the first phase in our
21 approach to assess the volume and content of the
22 waste stream. First phase will include collection,
23 sorting and refurbishing electron equipment. Once
24 the assessment is complete, CALPIA will review the
25 data that has been collected and develop a proposed

1 business plan and present it to the Prison Industry
2 Board before moving on to Phase 2.

3 Phase 2 will include all components of Phase I
4 with the additional components of dismantling and
5 recycling of E-waste. This assessment should be
6 complete within the next three months, with the
7 potential activation of the new enterprise in six to
8 12 months.

9 CALPIA has also entered into a two-year
10 agreement with CDCR to pick up, recycle and/or
11 refurbish CDCR's E-waste. CALPIA will work with
12 CDCR to establish a policy to direct E-waste
13 materials to CALPIA for pick up and sorting. This
14 policy will ensure proper reuse or disposal of
15 E-waste.

16 CDCR, like all State agencies and departments,
17 has steadily increased the use of technology over
18 the past ten years to increase efficiencies. As a
19 result of this increased use of technology, CDCR
20 generates a significant amount of E-waste. And like
21 all State agencies, CDCR has struggled with
22 establishing a clear disposal process for the
23 E-waste at the end of its life cycle.

24 As an example of the E-waste being generated,
25 CDCR anticipates refreshing approximately 7,000

1 computers in the next 12 months. Additionally,
2 based on information from CDCR, there is
3 approximately eight to ten years of E-waste in need
4 of disposal at some locations.

5 In March of this year, CALPIA was invited to
6 tour the United States penitentiary at Atwater, USP
7 Atwater, E-recycling enterprise. During this tour,
8 CALPIA was able to view an operational E-waste
9 facility operating in a correctional environment.
10 The E-recycling facility at USP Atwater employs
11 approximately a hundred offenders and processes
12 400,000 pounds of E-waste annually. CALPIA is
13 currently in discussion with USP Atwater to
14 establish an agreement that will allow CALPIA to
15 transfer E-waste to USP Atwater. In exchange USP
16 Atwater will provide consulting support to CALPIA to
17 assist in the establishment of an E-recycling
18 facility.

19 CALPIA's E-waste program will provide a safe
20 and efficient alternative to disposing of E-waste.
21 CALPIA is collaborating with DTSC and CalRecycle to
22 ensure all regulatory requirements are met. The
23 refurbished computers may be used for CALPIA
24 offenders, thereby offsetting costs or at least a
25 need for purchasing new computers. In addition,

1 CALPIA is developing an alliance with community
2 based organizations that will allow for refurbished
3 computers to be provided to underserved students in
4 school districts throughout the State, addressing
5 the digital divide currently experienced by the
6 underserved students.

7 The remaining E-waste will be transported to
8 USP Atwater or an alternate certified recycling
9 facility for recycling at CALPIA's sole discretion.
10 E-waste has specific disposal requirements based on
11 the Electronic Waste Recycling Act of 2003, which
12 established guidelines for recycling E-waste by
13 complying with Chapter 8.5 of the Public Resource
14 Code § 4246. The program will be classified as a
15 CTE program and will also utilize current CALPIA
16 resources to pick up and sort the E-waste at OTD-N.
17 Transportation costs are anticipated to be minimal
18 as picking up the E-waste and delivery of the
19 E-waste to OTD-N will be based on space availability
20 on current institution runs.

21 As a CTE program and not an enterprise,
22 revenue will not be generated and all potential
23 expenses will be covered within the CTE budget. The
24 expenses for this program are anticipated to be
25 \$150,000 annually. Included in the expenses is the

1 cost for one staff, offender training programs,
2 offender labor and general expenses. Initially
3 CALPIA will be employing one civil service position
4 who will be assigned to the OTD-N location. It is
5 anticipated that additional civil service positions
6 will be established as the volume of E-waste
7 increases.

8 There are currently 15 planned female offender
9 assignments for this program. The female offenders
10 will be housed at the Folsom Women's Facility, FWF.
11 The offenders will be transported to the current
12 off-site warehouse location at OTD-N with other
13 offender warehouse workers. If the initial demand
14 shows a high volume of products, additional
15 assignments may be needed.

16 There are certifications for the skills of this
17 program. CALPIA is obtaining further details on
18 Certiport for fundamentals of computer technology
19 and LearnThat for computer hardware. Other existing
20 certifications include Customer Service Specialist,
21 Overton Forklift Training and Certification, and
22 WOSH Health and Safety Training, and ISO Auditor
23 training. Offenders can also receive certificates
24 of proficiency from CALPIA when appropriate.
25 Offenders without high school diploma or General

1 Education Diploma will be required to participate in
2 a GED program. The recidivism rate for CTE
3 participants is 82 percent less than that of the
4 general population of offenders.

5 There will be a need to purchase materials and
6 supplies to support the program. These materials
7 and supplies will be sourced from local California
8 companies where available. This program will also
9 provide skilled workforce for the private sector in
10 the E-waste businesses and reduce the potential for
11 recidivism. This program could also impact private
12 sector businesses that are currently benefiting from
13 E-waste they derive from State agencies.

14 This concludes my presentation. I'm glad to
15 answer any questions the Board may ask.

16 MEMBER BUTLER: One question. You are
17 running this to start out with other Career
18 Technical Education; at some point this will become
19 a stand-alone business entity?

20 MR. WALKER: What we are trying to do
21 initially is assess what that E-waste stream looks
22 like. And based on that, our notion is to turn it
23 into an enterprise at some point. We kind of want
24 to get our feet wet here and understand what we are
25 dealing with and understand the protocols and put

1 the infrastructure in place so that when we get to
2 that point we'll have a good idea of what the
3 outcomes are going to be. We are looking at that
4 probably in the next six to 12 months, depending on
5 what we see in the waste stream.

6 MR. PATTILLO: This is one of those things
7 where other departments have really stepped up.
8 CDCR, we created a 24-month MOU with them for the
9 waste stream, but the other folks that are involved,
10 as Scott said, are DTSC, DGS. Esteban has been
11 coming to all the meetings. And the Secretary of
12 Technology is pushing this, also. Some of your
13 agencies, Mr. Davidson, inquired about getting
14 involved in this because there was no seamless way
15 to do this.

16 We think it will create a business out of
17 there. More importantly it will employ offenders in
18 computer refurbishing, E-waste, which is a
19 certification when they get out. So it will be good
20 operation to get into. We just have to measure it.
21 We are not sure what is out there and there is no
22 one database. As the Secretary of Technology came
23 out the other day and lamented that they have no one
24 database to know what is there. We're actually
25 pretty much doing a service to everybody to figure

1 what is out there.

2 MR. WALKER: Any other questions?

3 Turn to Tab F in your binder. I will now
4 present the lost hours' information. Total
5 available hours for the third quarter of Fiscal Year
6 2012-13 decreased by approximately 35,000. While
7 the total lost hours decreased by approximately
8 60,000. Custody lost hours have decreased from 7
9 percent of total available hours to 5 percent.
10 While lost hours for ducats have increased by 1
11 percent, and industry related lost hours have also
12 decreased by 1 percent in the third quarter. Lost
13 hours for other category and vacancy category have
14 remained stable.

15 If you turn to Page 2, I'll go over the total
16 lost hours. Total lost hours for CALPIA statewide
17 -- lost hours continue to be an issue under CALPIA's
18 operation statewide. Approximately 55 percent of
19 CALPIA's locations are reporting lost hours above 30
20 percent, which is a huge increase over the last 12
21 months. Several are near or above 50 percent. Two
22 categories have seen significant increases during
23 the past 12 months, industry related and vacant lost
24 hours categories. I will present each of these in
25 greater detail later in this presentation.

1 If you turn to Page 3, I'll go over custody
2 lost hours. As I mentioned, custody lost hours have
3 decreased in the third quarter. This is primarily
4 attributed to reduction in lost hours at the
5 Correctional Training Facility, CTF, in Soledad.
6 With the closure of the east dorm and the relocation
7 of offenders to the central facility, CALPIA has
8 struggled to get our offenders to the work site in a
9 timely manner at the start of their shift. While
10 this continues to be a concern, it has gotten
11 better, and CALPIA will continue to monitor it.

12 Any questions on custody lost hours?

13 If not, turn to Page 4, and we'll go over
14 ducats. Ducats lost hours have increased slightly
15 from 4 percent to 5 percent. This increase is being
16 driven by increase in medical ducats primarily at
17 California State Prison Solano which has been
18 classified as an intermediate care institution.
19 CALPIA continues to work with the institution staff
20 to minimize the impact of ducats on the enterprise.
21 We try to get as many ducats, medical ducats, on
22 Friday as we can. Sometimes that's not possible.
23 But with Solano being designated an intermediate
24 care facility, that's going to be an ongoing issue
25 there for us to address. We have a lot of

1 operations there, so it's going to be something
2 we'll have to work through.

3 If you turn to Page 5, I'll go over industry
4 related lost hours. Industry related lost hours
5 decreased 10 percent of total available hours to 9
6 percent. While this is an improvement from the
7 second quarter, industry lost hours continues to be
8 high. In fact, industry related lost hours have
9 increased by approximately 30 percent over the past
10 12 months. They are being driven by insufficient
11 workload at CALPIA's Fabric and Furniture
12 Enterprise. The good news is that the volume of
13 orders has picked up in the fourth quarter. This
14 will provide some improvement while CALPIA continues
15 to pursue additional business.

16 CALPIA will continue to monitor the lost hours
17 in this category. AB 109 has had an impact on our
18 business. So we have enterprises out there that we
19 have more capacity than we have demand. We are
20 trying to find new customers, and at the same time
21 we are looking at realigning and bringing some of
22 that capacity down. It will be a problem until we
23 are able to get to that.

24 Please turn to Page 6. The lost hours and
25 other lost hours basically have stayed the same, and

1 I don't have a lot to report on that.

2 Please turn to Page 7, and I will go over
3 vacant lost hours. Vacant lost hours have increased
4 dramatically over the past 12 months, from an
5 average of 6 percent lost hours to 12 percent. This
6 increase is driven by a reduced pool of available
7 offenders due to AB 109. This increase translates
8 into an additional 300 offender assignments being
9 vacant. This issue continues to be very problematic
10 at Avenal State Prison.

11 CALPIA continues to work with the institution
12 and Division of Adult Institutions to find greater
13 ways to address this shortage, but, unfortunately,
14 no progress has been made. CALPIA will continue to
15 monitor this lost hours category.

16 The other thing that we're doing, as Chuck
17 mentioned, one of the operations at Avenal. At
18 Avenal the structure of that prison is somewhat
19 unique in that they don't have a minimum support
20 facility outside. All the inmates that are
21 offenders work on our program are brought from a
22 secure perimeter. It's very problematic, so we are
23 looking at the potential of moving the egg operation
24 that is outside of Avenal inside of another
25 institution so it can help alleviate some of those

1 problems. But vacancy statewide continues to be an
2 issue. The chickens aren't coming. I keep getting
3 that question. The chicken aren't coming with the
4 egg process. We know there will be no chickens
5 inside the institution.

6 Turn to Page 8 and we'll go over the inmate
7 assignments. CALPIA continues to experience a
8 diminishment in offender assignments. This is being
9 driven by reduced revenues and increased operational
10 efficiencies. The good news is that CALPIA was able
11 to increase an additional 50 offenders assignments
12 in March of this year due to additional assignments
13 at FWF. CALPIA is working closely with the FWF to
14 provide work assignments for approximately 200
15 female offenders. This will occur over the next six
16 months. We are coming back up the other side. We
17 kind of gone down with inmate assignment, and, as
18 Chuck said, we're planning to increase them over the
19 next year, so start to go back the right way.

20 That concludes my presentation on lost hours.
21 Any questions?

22 MEMBER SINGH: Why is it that many
23 assignments have decreased from 11 or 12 percent?

24 MR. WALKER: I lot of things. Part of it
25 is just that the business, revenues have gone down,

1 Mr. Singh. So we have had to, like we did last
2 year, we had to do layoffs and close down businesses
3 because we just didn't have the revenues to support
4 them. We're trying to bring the enterprises more in
5 line with the revenues that are coming in. So
6 that's been creating a decrease in inmate
7 assignments and a need for offenders. We don't have
8 the work to support it.

9 MR. PATTILLO: In some cases we actually
10 just didn't have the offenders, either. Some of
11 these elimination of positions were just an
12 elimination of a position, not offender per se. So
13 we are aligning. We had a couple of factories that
14 had higher numbers of offenders that were tagged
15 there before, but we never got to that amount. So
16 we're bringing it more in line with what we actually
17 have. Similar to what we are doing with our state
18 service side.

19 MEMBER SINGH: Page 5, CMC.
20 [Unintelligible].

21 MR. WALKER: That is industry related.
22 What that relates to is the lack of orders. There
23 is a lack of fabric operations at CMC. We just
24 don't have the orders right there. So what they do
25 is they hold the inmates back from the assignment

1 because there is nothing for them to do. That
2 drives up industry related lost hours.

3 MEMBER SINGH: Thank you.

4 MR. WALKER: If there are no further
5 questions, you can turn to Tab G in your binders.
6 This information item is on offender certifications.
7 Fiscal Year to date we've had 1,572 offender
8 accredited certifications closed. Of the 1,572
9 accredited certifications attempted, 625 were
10 successfully completed and 947 were not. The
11 primary reason for unsuccessful completion is due to
12 enrolled offender not completing the certification
13 within the time frames allowed. A lot of that is
14 being driven by inmate transfers. They get in a
15 program; they get pulled out of the program before
16 they're able to complete it. So we're working on
17 that and trying to work better on that so they're
18 not moved out before that certification is
19 completed. An additional 13 percent were
20 unsuccessful due to enrolled offenders being paroled
21 prior to completion.

22 MEMBER WOODFORD: Can I ask a question
23 about transfer that you just mentioned? Are
24 classification committees taking a look at how close
25 people are to completing before they do a transfer,

1 or are they ignoring that?

2 MR. WALKER: It's mixed, Ms. Woodford. It
3 depends on the institution, depends on the person's
4 point in time. We encourage them to do that. We
5 try to interact with them more on that situation. I
6 would like to say it is getting better. It is still
7 a problem. We sometimes get very little notice.
8 They get a bus ticket, and they're gone the next
9 day.

10 We try to make everyone aware of that.
11 Certainly, if we know about it, we get out in front
12 of it and we try to identify those inmates. So
13 that's just an interactive process that we continue
14 to work on and get better at. I think part of it,
15 not giving enough information to the people in the
16 program and part of it is the working of the
17 Department. They just give them a bus ticket, and
18 they're gone.

19 MEMBER WOODFORD: I'm thinking what we can
20 do. There is nothing more discouraging for someone
21 who is participating in the program and to be yanked
22 out when they're a week away from completing it. So
23 if there is anything this Board can do or, Secretary
24 Beard, we can do a classification, fix this issue,
25 that would be wonderful.

1 MR. WALKER: In response to that, going
2 back to the transparency and reporting, CALPIA
3 developed a monthly report that is available via
4 Internet that tracks the progress of all these
5 certifications. So everybody has a heads up and
6 needs to start doing a better job and sharing that
7 with the institution. This report allows the field
8 administrator and lead managers to identify any
9 certifications that are at risk or already passed
10 the allowed time frames for completion.
11 Additionally, branch managers will also be reviewing
12 this report to aid in the oversight of the
13 certification completion process.

14 In the third quarter of this Fiscal Year, 230
15 offender accredited -- received accredited
16 certifications; 230 accredited certifications were
17 closed. Of the 230 accredited certifications
18 attempted, 120 were successfully completed, a
19 hundred were not.

20 This was due to several factors, including
21 what we talked about earlier, the transfers and
22 paroling of inmates. CALPIA continues to research
23 and adopt new certification courses as they are
24 identified by field staff. External certifications
25 continue to be a key element to CALPIA's inmate

1 worker success. Given that, this effort continues
2 to receive our focus and effort.

3 If you would please turn to the next page, I
4 will report on the accredited certifications and
5 enrollments.

6 MEMBER STEEB: I have a question. Is there
7 a way, if someone's paroled, for them to continue in
8 the program, finish it out?

9 MR. WALKER: In our CTE programs, they
10 would have to get employment, and they'd have to do
11 it on their own. Most of the certifications are
12 coupled with performing the function. If you do
13 NIMS sheet metal, you have to be able to perform and
14 show you can do that. Arguably, they went to work
15 somewhere else, a sheet metal shop somewhere, they
16 would be able to do that. Paroling population is a
17 smaller issue than those that are transferring. So
18 that is certainly something we pay attention to. So
19 if they went to work in that same industry, yeah,
20 they could pick it up. If they don't, that becomes
21 more of a challenge. They have to be in an industry
22 that acknowledges skill and ability.

23 MEMBER STEEB: Is there any way to ensure
24 that - I know that that's a smaller population - to
25 ensure they get their certification so they have

1 that?

2 MR. WALKER: Part is a process of going
3 through this. Certainly, there are things that we
4 can improve on outside, making sure that there is
5 more robust for those folks getting ready to parole.
6 That is one thing we can do. Obviously, we can give
7 them the information if they go to work in that same
8 field when they get out is very great. Also, we can
9 help them with that as well. So we can talk with IT
10 about reaching out to the folks if they are going
11 that way.

12 Part of it is the fact that when we get folks
13 in and they don't have a lot of time left to do
14 sometimes, and we would rather have them start
15 receiving training. I get Ms. Woodford's point that
16 it is very frustrating for us and the offenders if
17 they get out and haven't completed it. A lot of
18 times we err on the side of putting them in a
19 program if they are eligible and try to rush them
20 through that program even if they don't have the
21 requisite amount of time. Just to give them
22 something before they get out. But there are
23 certain things we can do and can't. Try to
24 strengthen that.

25 Currently, CALPIA offers 65 accredited

1 external certifications. To date, in Fiscal Year
2 2012-13, 1,365 inmates have been enrolled in
3 external certification courses. In the third
4 quarter alone, there were 460 offenders enrolled in
5 the accredited certification courses.

6 If you would turn to the next page, I will
7 report on proficiency certifications. This Fiscal
8 Year to date, a total of 552 offenders have received
9 proficiency certifications for demonstrating skills,
10 knowledge and ability in the enterprise assignments.
11 Of the 552 proficiency certifications offenders
12 received this Fiscal Year, 74 were issued under
13 CALPIA's new, strengthened internal proficiency
14 certification process.

15 Turn to the last page. It will talk about the
16 internal SOC certifications. This effort is focused
17 on tying our internal proficiency efforts to
18 standard occupational codes, SOC. During the third
19 quarter, CALPIA introduced proficiency based tests
20 for meat and printing enterprises. In the fourth
21 quarter Fiscal Year 2012-13, CALPIA will introduce
22 SOC tests for our shoe factory enterprise.

23 As you heard at previous Board meetings, the
24 proficiency standards we have had for years is
25 really not tied to any standard out there in

1 society. Really a point in time when the offender
2 had 1,500 hours on the job he was doing and a
3 certain task for 1,500 hours, we'd give him a
4 certificate. Not to say they didn't have the
5 skills, knowledge and ability to achieve that, but
6 it was less structured.

7 So what we've done, the IEP staff has done, is
8 create a process where it's all tied to an SOC code.
9 So it's much more strengthened and much more
10 measurable, and we have a lot more confidence that
11 if somebody gets out and has one of the
12 certifications, they can perform those duties. We
13 have also tied it to their pay grade increases. So
14 if they don't pass the SOC codes as they go up, they
15 can't go up in pay raise. It's really adding a lot
16 more structure and accountability.

17 Any questions on the certifications?

18 Turn to Tab H in your binders. I will report
19 on GED. Michele Steeb's report. As I reported here
20 on numerous occasions, CALPIA understands the
21 importance of offenders obtaining GED or high school
22 diploma prior to parole. CALPIA understands that
23 obtaining a GED along with a viable work skill
24 greatly increases the likelihood of success for the
25 offender when paroled. To that end CALPIA

1 continues to facilitate GED programs within CALPIA
2 where possible and facilitate participation into the
3 GED programs outside, where it is not practical to
4 operate a GED program within CALPIA facilities.

5 As reported, through March 31st, 2013, CALPIA
6 has 4,680 offenders signed to various enterprises,
7 programs throughout the state. Of those, 3,429
8 possess a GED or high school diploma. Of the
9 remaining 1,179 offenders assigned to CALPIA do not;
10 234 of that currently are enrolled in a GED program
11 and 945 are neither enrolled or have a degree.

12 In regards to the 945, CALPIA continues to
13 partner with CDCR Office of Correctional Education
14 to increase enrollment opportunities for our
15 offenders to ensure there is opportunity for these
16 offenders to participate in a GED program. We work
17 very hard to partner those CTEs to get folks into
18 the GED program. Resources are so slim out there
19 that it's still a challenge. We're doing everything
20 we can to facilitate that after hours like it would
21 be in the real world and/or bring it into our
22 facilities and let the inmates be redirected for two
23 hours, two days a week to study the GED.

24 Additionally, as approved by PIB, CALPIA has a
25 policy that requires offenders in CALPIA programs to

1 participate and complete a GED program before the
2 offender's allowed to increase beyond a D pay grade.
3 The policy also requires that the offender completes
4 a GED program within 24 months of assignment. If
5 the offender does not complete the program, they are
6 subject to removal from the CALPIA program. That
7 policy has been out for two years, and I bring it up
8 because we are now getting to that point where we
9 are going to start implementing some sanctions if
10 they don't complete the GED. We are really
11 thoughtful about this and measure. There are a lot
12 of reasons out there for not them completing it.
13 Some, they just don't want to participate. Those
14 are the one we want to identify. Some, the
15 resources aren't there and available. We have to
16 identify that. Some have learning disabilities, so
17 we have to apply that. So over the next six months
18 we are going to have to weeding through that. I
19 anticipate maybe in spring of next year we will
20 probably be where the time comes where the ones that
21 just don't want to better themselves with a GED will
22 start to be removed from the programs. I expect
23 there will be a slew of 602's related to that at
24 some point. We will be so thoughtful and careful to
25 measure it if we can. At some point there has to be

1 a sanction for not following and doing everything
2 you can in the program.

3 MR. PATTILLO: We have gone through policy
4 wise and we've stepped this through so there is
5 recourse for folks to say we're following a policy.
6 But as far as GED, this seems to be the number one
7 thing that is turning folks around. We haven't done
8 any studies specifically on GED receipt and
9 recidivism, but I think that's our next step.

10 And we jokingly calls this the Michele Steeb
11 Report. Michele does a better job with her
12 clientele in getting the population of GED's. She
13 also realizes how important it is. Just this one
14 issue for these folks going out and how it impacts
15 recidivism.

16 Thanks for continuing to push that for us.

17 MR. WALKER: Any questions on the GED
18 program? The last thing really quickly, just an
19 FYI. There is a potential for a inmate hunger work
20 stoppage on July 8. We are working with CDCR and
21 DAI to identify contingency plans. It primarily
22 looks like it's going to be in the high security
23 institutions of which we operate in four. We
24 anticipate slow releases on July 8. Kind of monitor
25 the kitchen workers that go to work at 4:00 in the

1 morning. Kind of see where this is going to lead.
2 We do have a policy; the Department has a policy
3 that any offenders that participate in work stoppage
4 are unassigned and removed from the program. So
5 it's early. I just want to give you a heads up that
6 that's coming. Some major projects out there that
7 we're working on that could potentially be impacted.
8 We're identifying those and talking to the customers
9 and, we're always putting together contingency plans
10 to continue our area operations. If we don't have
11 offenders to work in there, our food deliveries, our
12 laundries, and other major things. So we will know
13 more as it unfolds on July 8th. This happened in
14 2011, and it didn't get a lot of attraction. Not to
15 say that it won't this time. It is out there. We
16 know about it. We are monitoring it and planning
17 for the worst and hoping for the best.

18 That's all I've got. Thanks.

19 MR. PATTILLO: Any questions of Scott?

20 The last item we have is actually two pieces
21 here, is the employee awards presentation. As we
22 alluded to, this is probably one of the most
23 important things that we do all yearlong. If it
24 wasn't for the employees that work for PIA, we
25 wouldn't be in the position we are in, doing this

1 well this late in the game.

2 We are a very small organization, and everyone
3 out there gives 150 percent. So when we are going
4 through this and we're calling for nominations, we
5 get a lot of nominations. So there is a lot of
6 thought put into these folks that are out here doing
7 it. We recognize two folks from the field, two
8 people from central office. In addition, we're
9 recognizing a correctional officer this year and
10 will continue to do that because correctional
11 officers and correctional staff are a big part of
12 PIA. A good correctional officer, good correctional
13 staff makes our job very easy. Makes our job run
14 very smooth.

15 The specific correctional officer that was
16 nominated this year -- we had many correctional
17 officers and I have great pictures of them out there
18 helping us run the program. That's not standing
19 there; they're actually helping us and showing the
20 offender how to work. We see that. So staff are
21 the ones that nominated these folks.

22 We established the program in 2007, and it is
23 to recognize employees whose job performance clearly
24 exceeds established standards and embraces CALPIA's
25 core values. We've recognize four categories -

1 supervisor of year, field and central office; and
2 employee of the year, field and central office. And
3 the nominations are all made by full-time employees,
4 and the final selection is made by an awards
5 committee. The criteria is the same for all the
6 awards.

7 Concern and helpfulness to others, pride in
8 his or her job, consistently high job performance,
9 actions above and beyond the call of duty,
10 commitment to CALPIA admissions and goals, and
11 cooperative attitude. Also, in addition, volunteer
12 service.

13 So the final selections this year.

14 MR. WALKER: Call them one at a time.

15 MR. PATTILLO: Actual call them up one at a
16 time, picture with the Secretary, if I can do that.

17 Start with Anthony Brune.

18 Anthony, if you can stand up. Anthony was
19 recognized for this work ethic and attention to
20 detail and his ability to multi-task, working on his
21 own task while keeping tabs on four to five
22 different tasks being performed by offenders in the
23 program. He hasn't been with us a very long time
24 either, which is amazing on how well he's taken to
25 us.

1 Anthony has taken on many challenging tasks,
2 one of which involved training six offenders in an
3 unfamiliar shop over a two-week period that resulted
4 in big improvements in the OTD central office. He
5 works at our OTD central, which is our diesel shop.
6 We actually have offenders in there working on our
7 diesel trucks.

8 So, Anthony, thank you very much.

9 Actually, we're going to do this with the
10 Secretary up in front. And if I can indulge
11 everyone at the very end, if we can go out in the
12 patio with all the Board. I'd appreciate it if you
13 are available to do that. Do in front with the
14 Secretary real quick.

15 Mark Stewart, PI administrator, is
16 recognized for mentoring staff, taking the time to
17 teach them and help them reach their potential. He
18 has a great amount of knowledge about what is going
19 on in the factories and stays informed and is calm
20 and collected even when counseling staff. That is
21 in his nomination.

22 Mark recently ran an on-time delivery system
23 for the entire operation. He just moved down to
24 Solano. Mark.

25 MR. WALKER: Next supervisor of the year

1 for central office goes to Kelly Swarner, SSMI,
2 for marketing. Kelly is recognized due to her
3 incredible amount of knowledge she possess and the
4 willingness to share this with the organization.
5 She is also recognized for exceptional communication
6 skills, as well as a positive and friendly attitude.
7 Yeah, right.

8 She creates a secure environment to work in
9 and promotes education and growth in her staff.

10 Cindy Brooks is not here. Cindy was nominated
11 and awarded for the central office employee of the
12 year. She is an associate personnel analyst. She
13 was recognized for dedication and for consistently
14 meeting and exceeding work expectations. She
15 maintains a high level of quality in the face of a
16 large workload. She's also recognized for her
17 resourcefulness as well as establishing and
18 maintaining excellent rapport with CALPIA staff at
19 all levels and other control agency staff. Cindy
20 Brooks.

21 Finally, for the first time CALPIA is honoring
22 a correctional officer of the year. David Guillen
23 is a correctional officer at Folsom State Prison.
24 Officer Guillen has worked at the CALPIA Modular
25 Building Enterprise for five years and is currently

1 assigned to Folsom State Prison CALPIA industries
2 program. He is recognized for maintaining a
3 positive, professional attitude even during
4 stressful situations. He is known as a team player
5 and for working well with staff and offender
6 workers. He is also recognized for being responsive
7 to CALPIA program needs and for making
8 recommendations for improvements.

9 Please join me in congratulating David
10 Guillen.

11 MR. GUILLEN: Thank you very much. I want
12 to say thank you to each and every one of you and
13 most of all I would just like to thank the strong
14 leadership we have. Chuck and Rick, I am not just
15 saying that. Although Rick Hill is not here, I work
16 with him as an officer. Without these gentlemen's
17 vision and durability and ability to take a chance.
18 Sometimes it is not easy. We wouldn't have this
19 nice facility here. We wouldn't have a beautiful
20 historic OG building I'm privileged to walk by at
21 work for everybody to enjoy.

22 Just want to thank you all. Appreciate it.

23 MR. PATTILLO: Our last, Eric is just going
24 to do a quick update. When we're completely done
25 here, if we could have everybody stand outside real

1 quick so we can take a photo of all the Board and
2 all the Members real quick.

3 MEMBER WOODFORD: Can I make one request?
4 I should have asked earlier. On documentation that
5 you are going to send out asking for why they denied
6 the \$13,000,000. Do you have all the backup
7 documentation sent to us?

8 MR. PATTILLO: All my requests on
9 rescission?

10 MS. WOODFORD: So we can totally understand
11 the whole process and any appeals that were made by
12 the Department of Corrections, if that is
13 possible.

14 MR. PATTILLO: Okay.

15 MEMBER WOODFORD: Does that make sense?

16 MR. PATTILLO: Yes.

17 MR. TRUJILLO: I have a request before we
18 go outside for the picture. I would like to close
19 this meeting in honor of Vice Chair and long time
20 Board Member Leonard Greenstone. And I would also
21 like to request an agenda item for next meeting to
22 elect a Vice Chair. And I would like to let my
23 fellow Board Members know that I'd be endorsing
24 Mr. Singh. And I would like to congratulate all the
25 new members. And, Secretary, welcome.

1 MR. RESLOCK: Eric Reslock, External
2 Affairs. I will be brief. There is some pictures,
3 so two things, real quick. Chuck mentioned a
4 couple. On Wednesday we had some CTE participants
5 from FWF actually down at the Capitol grounds doing
6 a site survey for what is officially designated as a
7 Mexican American Veterans Memorial. Fox 40 sent a
8 crew down, so I will get that link to you, get that
9 thing to you.

10 Secondly, we will have a graduation July 11th
11 at FWF. Whether inside or outside, I'm not sure
12 yet. It is our very first one with FWF
13 participating, about 16 of them. It is our very
14 first event with family there and a big event. We
15 welcome you all.

16 Thank you.

17 MR. PATTILLO: Members, with that, this
18 concludes our portion of the meeting. I know we
19 have lunch for Board Members. Also, if you can give
20 me, indulge me two more minutes outside so we can
21 get a photo with all of you here.

22 MR. WALKER: Also, we are going to do
23 another tour.

24 MR. PATTILLO: If anybody wants to go
25 through, we can show you the entire facility. We

1 have all your requests of information.

2 Ms. Woodford, I have your oath here, and I
3 will take care of that.

4 MEMBER WOODFORD: Thank you.

5 MR. PATTILLO: Any other questions.

6 MEMBER STEEB: Do we have the next Board
7 meeting date?

8 MR. PATTILLO: We don't have a date set.

9 MEMBER STEEB: Is it possible to get that?
10 The sooner the better for everyone.

11 MR. PATTILLO: I will work with the
12 Secretary's office. He is on a travel schedule that
13 rivals no one's right now. I forget, I want to
14 congratulate the Secretary. He just made it through
15 the first portion of confirmation. I got to watch
16 your confirmation last night, and I have to say it
17 was relatively uneventful. So that is a good thing.
18 What I have seen of other confirmation hearings go
19 through.

20 So congratulations to you. I know the next
21 portion of this goes to the Senate floor very soon.

22 With that, it's back to you.

23 CHAIR BEARD: This is the time for public
24 comment about any items or anything else other than
25 the things that were on the agenda that any member

1 of the public would like to talk about. And under
2 the Bagley-Keene Act, the Board cannot act on any
3 items raised during public comment. But we may
4 respond briefly to statements made or questions
5 posed, or we may request clarification or refer them
6 to staff.

7 With that being said, is there anyone here who
8 would like to make a comment or address the Board?

9 Well, hearing none, is there a motion to
10 adjourn the meeting?

11 MEMBER SINGH: So move that.

12 MEMBER WOODFORD: Second.

13 CHAIR BEARD: All in favor.

14 Any opposed? No.

15 Adjourned at 12:37.

16 (Public hearing concluded at 12:37 p.m.)

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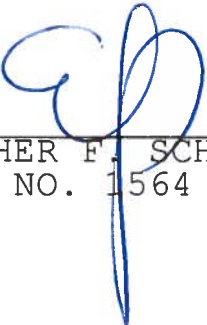
REPORTER'S CERTIFICATE

STATE OF CALIFORNIA)
) ss.
COUNTY OF SACRAMENTO)

I, ESTHER F. SCHWARTZ, certify that I was the official Court Reporter for the proceedings named herein, and that as such reporter, I reported in verbatim shorthand writing those proceedings;

That I thereafter caused my shorthand writing to be reduced to printed format, and the pages numbered 3 through 102 herein constitute a complete, true and correct record of the proceedings.

IN WITNESS WHEREOF, I have subscribed this certificate at Sacramento, California, on this 14th day of August, 2013.



ESTHER F. SCHWARTZ
CSR NO. 1564